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FINANCIAL TIMI

WEEKEND OCTOBER 8/OCTOBER 9 1994

Metaligesellschaft reduces net debt by two-thirds

German metals and engineering group Metaligesell-schaft has reduced its net debt by two thirds to DM1.2bn, (\$770m) chairman Kajo Neukirchen said. The assets sale instituted when he took control last December had generated DM4.2bn, and 90 subsidiaries had been disposed of or deconsolidated.

Footsie follows positive Wall Street

FT-SE 100 Index

3 Oct 94 7

UK equities to move higher yesterday as Wall Street opened positively in the wake of data showing the US unemployment rate at 5.9 per cent, its lowest rate for four years. The FT-SE 100 Share Index closed 14.3 ahead at 2,998.7. down just under 1 per cent over a week which has seen the market unsettled by fears that the US

Firm bond prices helped

Source: Reaser Federal Reserve may soon raise its key interest rates again. US indicators keep everyone guessing, Page 4; Bankers prepare to scrap the grouse shoot, Page 6; Good news is bad news for shares, Page 9; London stocks, Page 15; World stocks, Page 21; Lex, Page 24; Mar-

Police raid Fininvest offices: Police raided the Milan offices of Fininvest, business empire of Italian prime minister Silvio Berlusconi, damping hopes that his right-wing coalition's confrontation with the judiciary might be contained. Page 24; Man in the news, Page 8

Euro Disney to promote French films: French-based theme park operator Euro Disney is to set up a subsidiary of Miramax, owned by Walt Disney, to promote French films in the US. Page 11

Japan backs outsider as trade chief: Japan said it would back South Korean trade minister Kim Chul-su to head the new World Trade Organisation against front-runners Carlos Salinas, former president of Mexico, and Renato Ruggiero, a former Italian trade minister. Page 24

Cult victims 'probably murdered': Police investigating cult-linked deaths said the bodies of a Swiss man, a British-born woman and a baby found in a burnt out house in Quebec were probably murdered. In Switzerland, warrants were issued for cult leader Luc Jouret and an associate.

Japan's trade surplus falls: Japan reported a 15.7 per cent fall in its current account surplus in the year to August. Page 3

> Rover workers get 10% pay deal: Rover Group signalled an upward turn in British pay deals with a two-year award of about 10 per cent for

Spain may press for Iberia funding: Spain is likely to seek approval from the European Commission to provide further subsidies to Iberia, its financially crippled airline, which is expected to lose Pta44bn (\$344m) this year. Page 2

China defends nuclear test: China ignored appeals for a moratorium on nuclear testing and defended its second underground test in four months. Page 3

Hollinger to raise Telegraph stake: Shares in The Telegraph jumped 20p to 330p in London after Hollinger, the Canadian publishing company controlled by Conrad Black, said it wanted to increase its 57 per cent stake in the UK newspaper group.

Interest rate rise hits house sales: The UK housing market has been hit by last month's half percentage point rise in interest rates, according to a survey of more than 200 estate agents. Page 5

The FT influence

The Financial Times has been named as the world's most influential publication in an international survey of central bankers, finance ministry officials and financial executives. Out of 300 financial policyma surveyed in 30 countries by the magazine The International Economy, 60 per cent of those who

replied cited the FT. The survey also named Sir Samuel Brittan, the FT's chief economic commentator, as the world's most influential economic journalist, with 32 per cent of ndents citing him. Martin Wolf, Peter Norman and David Marsh, all of the FT, were respectively joint second, third and joint fifth most influential.

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Companies in this issue

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Cohen (A.) Crédit Lyonnais Dartmoor Inves **EuroDisney** General Electric Hollinger

Iberia Kidder Peabody L&G Ventures London Electricity Lucas Industries Merck Metaligeselischaft Prudential Rover SGS-Thomson Stingsby (HC) 9 Sphere investment

11 The Telegraph

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FT-SE Eurotrack 100. 1,287.9

FT-SE-A All-Share .. 1,494.19

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End of the road for the man from the Pru

The "man from the Pru", foot-slogging the pavements of Britain's industrial heartlands collecting monthly cash payments, has yet to hang up his hat for good. But he will not be tak-

ing new business from next year.

Prudential, the UK's largest life insurer, closed a chapter in com-mercial history yesterday by announcing that from January 1 it will stop selling the cash col-lection life insurance and savings products with which it is almost

Mr Jim Sutcliffe, director of the group's home service division, said existing holders of such "industrial branch" policies - so Direct debits to replace cash on the doorstep

called because they were designed for the expanding industrial classes of the nineteenth century - would still get their monthly visits.

But for others, direct-debit bank mandate and annual or half-yearly financial health checks will replace the smart chap from the Pru, who was always polite and unlike slicker financial advisers from the City. "It is an emotional moment when you close the book," said Mr Sut-cliffe.

The Prudential said its decision

- in the first half of 1994 industrial branch business accounted for less than 2 per cent of the Pru's total UK sales - but was good for its clients. Collecting in person amounts that averaged just £8 every four weeks was expensive, eating into the return that investors eventually receive. More than 90 per cent of its cash collection customers have a

estimates. every six months is sufficient to maintain customer satisfaction.

bank account, the Prudential

be no redundancies among its 8,000-strong sales and collection force, which will concentrate on selling other financial products. Under 1920s' legislation, agents

selling industrial branch policies must visit at least every two months and initial in a premium book the amount paid - though these rules are under review by the government, From next year life insurance

companies will have to give more information on costs and charges, a move expected to make customers more price senday that industrial branch business still made economic sense. Mr Martin Fox, marketing

manager of Pearl Assurance, said his company believed in "regular contact, regularly looking after people and we are opposed to the idea of selling people something and then walking away from Liverpool Victoria friendly

society, which last year received 58 per cent of its premium income from industrial branch business, said it was "committed to providing the type of business the ordinary working men and women want"

Editorial Comment, Page 8



the Te-of

Satisfied customers: how the Pro-

Tory right urges tax cuts to counter Blair's appeal

Mr John Major was last night facing a strong warning on taxes from the Tory right, as Labour's successful Blackpool conference closed with an endorsement of Mr Tony Blair's leadership from Mr John Prescott, his traditional-

With many Tories rattled by the confidence of Mr Blair's performance, the Thatcherite Conservative Way Forward pressure group was expected to urge the prime minister to make tax cuts an urgent priority.

The group was also expected to use tomorrow's issue of its Forward magazine to urge Mr Major to stress in his speech to his paron Friday that a Conservative government would never join a European single currency.

Right-wingers see these steps as vital if the party is to establish "clear blue water" between itself and Labour. They will also call for a renewed offensive on law and order, an issue on which eroded the Tories' advantage.

In Blackpool, Mr Prescott tried to bridge divisions over the future of Labour's commitment to widespread nationalisation. In a forceful speech designed to undermine Conservative efforts

to ridicule him, he told delegates that Mr Blair was "a leader with the courage to lead". As the conference closed with



Labour leader Tony Blair (left) applands deputy John Prescott for his end-of-conference speech

chorus of Red Flag. Mr Prescott said Labour had "learned its les-sons", and promised to consult "every region of the land" to build a consensus on modernising the party's aims. Senior officials said the

regional tour would help ease the pain of transition from the 76vear-old Clause Four commit-

jazz bands and jiving, as well as a ment to public ownership to the left-wing members of the party's more limited support for public services favoured by Mr Blair.

But Mr Blair, who heralded the end of the nationalisation commitment on Tuesday, issued a blunt warning to left-wingers not to exploit the leadership's narrow defeat on the issue in a debate two days later.

He said two freshly elected

ruling national executive committee would be "very foolish" if they interpreted their election as a signal of a swing to the left. Mr Blair's determination to

Continued on Page 24 Conference reports, Page 7 Blair sets Tory agenda, Page 8 Lex, Page 24

Clinton warning to Iraq as troops move near Kuwait

By Mark Nicholson in Cairo and George Graham in Washington

President Bill Clinton warned Iraq yesterday not to be "misled into repeating the mistakes of the past" after Baghdad moved troops towards its border with Kuwait, from which Iraqi troops were expelled by a US-led force after it invaded in 1990.

The US was "taking the necessary steps", in response to the Iraqi action, Mr Clinton said.

One mechanised division and one armoured division, possibly including Iraq's Republican Guards, were said by diplomats in Kuwait to be heading towards the border. Iraqi divisions are smaller than in many Western armies, where they often comprise about 12,000 troops, the diplomats said.

Mr William Perry, the US lefence secretary, said the troop movements were "not routine and they're not typical of what we've seen in the past, and therefore they do cause us some con-

nats said that irad made numerous movements of forces since the Gulf war and that these had been correctly interpreted at the time as political posturing. However, Kuwait yesterday called an emergency cabinet meeting and called up some army reservists "in response to the call of duty".

British and US jets are based at Dhahran, Saudi Arabia, from

where they routinely fly recon naissance missions to enforce a 'no-fly" zone in southern Iraq. Britain soid yesterday it was sending a naval frigate to the waters off Kuwait in response to

the troop movements. Evidence of the troop move-ments emerged as Iraq sharpened its rhetoric against the UN embargo on Iraqi oil exports, imposed after its invasion of Kuwait, warning that it would take unspecified "measures" against its "enemies" unless the Security Council "immediately" eased the ban.

The Security Council is next week to consider a report from Mr Rolf Ekeus, the UN special envoy, on the readiness of systems for the long-term monitoring of Iraq's weapons programmes - a critical condition for an eventual easing of sanc-

Mr Ekeus is expected to declare the monitoring systems virtually in place. France, Russia and China have said they believe Iraq should next be given a "probamonitoring, after which the Security Council should discuss lifting sanctions. However. Britain and the US oppose any such time

Thawra, the newspaper of Iraq's ruling Baath Party, yesterday warned in a front page editorial that food supplies were running out. Food rations were recently cut by up to 50 per cent.

Surge in **UK** exports helps trim trade deficit

By Gillian Tett,

The UK's trade position with the rest of the world is improving significantly as exports surge to meet strong world demand and official figures showed yesterday The trend suggests that the nature of the UK recovery is

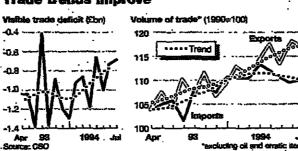
changing, as export-led growth begins to play a bigger role than consumer spending.

Meanwhile, a continued fall in the trade deficit last month has damped fears that the upturn might trigger a new balance of payments crisis by sucking in imports to meet growing demand.

..... 2,996.7

... 19,744.75

Trade trends improve



The Central Statistical Office said yesterday the UK trade deficit with the rest of the world fell to a seasonally adjusted £704m in July from £729m in June.

asured on a three-monthly hasis, seen as a more accurate guide to the underlying trend. the deficit narrowed to £2.45bn in the three months to July. This is the smallest deficit since 1987. barring a temporary low point three years ago. It compares with a deficit of £3.48bn in the same

The CSO said both exports and imports had risen to record levels in July, although the underlying trend indicated that exports had shown the fastest growth.

On a three monthly basis, export volumes were 1.5 per cent higher in the three months to July compared with the previous three months, and 10 per cent higher than in the same period a year ago. Export values grev slightly more, indicating that

Continued on Page 24

period a year ago. STOCK MARKET INDICES **STERLING E** DOLLAR New York lunchtimes DM 1.54675 Federal Funds: 44% New York lunchtime (-2.85)3-m Treas Bits: Yld 5.04% S 1.58675 FFr 5.28 Long Bond +89.52) 1.2815 1.5905 (1.588) Y 100,465 2.4511 (2.4526) London: DM MORTH SEA OIL (Argus) FFr Brant 15-day (Nov) \$17.21 (16.96) 2.0318 (2.0336) SFr 1.2775 159.403 (158.403) Y 100.225 £1ndex B0.3 New York Cornex (Dec)...\$398.8 (395.1)5392.7

8.3767 (8.3823) DM 1.5411 (1.5444) 2.0318 (2.0336) FFr 5.2689 (5.2785) 1.2775 (1.2806 (99.75) (80.2) \$ index 62.2 (same CONTENTS Foreign Exchanges13 Men in the News . Gold Markets . Intil, Companies LSE Dealings

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Madrid may inject cash into Iberia

In the wake of the European Commission's controversial decision allowing the French government to provide fresh subsidies to Air France, the Spanish government is expected to request similar authorisation before the end of the year for Iberia, its financially crip-

Iberia is expected to lose Pta44bn (\$343.7m) this year, up on earlier estimates of Pta30bn. and its accumulated losses by December will have effectively wiped out a Pta120hn capital injection authorised by Brussels in 1992 on condition that no more public money be made available until 1996.

The request to allow immediate additional funds for the state-owned carrier, likely to total at least another Pta120bn. will be accompanied by a drastic cost-cutting programme. by an average 15 per cent over two years and to shed 2,120 jobs from its 24,456 labour

basis of talks with the airline's unions over the next two weeks, are viewed as a test case for the government's declared policy of substantially reducing losses in the public

sector. Yesterday the unions said they would not begin to negotiate the proposed cuts unless there was a shake up of Iberia's senior management.
The heavy losses are likely

to prompt the removal of Mr Juan Saenz who was appointed Iberia's managing director in September last year. A plan drawn up by Mr Saenz to segment Iberia's business by hiving off its maintenance, han-dling and systems units to other companies, was shelved in May after union opposition. Responsibility for Iberia's

critical balance sheet could extend right up to Mr Javier Salas, the chairman of both INI, the public sector holding company which is the airline's sole shareholder, and, since September 1993, also of Iberia. The government is seriously worried that the airline is draining the resources of profitable INI companies such as Endesa, the partially privatised electricity utility.

Iberia could show a small operating profit this year, but its balance sheet is heavily burdened by its fleet renewal and its expansion in Latin America where it owns 85 per cent of Aerolineas Argentinas. and has substantial shareholdings in Chile's Ladeco and in

SELL-OFF GUIDE HAILED

The Spanish cabinet yesterday sent to parliament a set of legislative initiatives governing future privatisations and deregulating the telecommunications sector, that were hailed as "revolutionary" by Prime Minister Felipe González, writes Tom

The new legal framework for upcoming privatisations establishes a principle similar to that of the "golden share" that allows the government an effective veto over decisions considered to be of strategic interest, that might in future be taken by formerly state-owned institutions. The framework sets the stage for large-scale global offerings next year by the energy group Repsol and by the Argentaria banking corporation, which are both government-controlled.

The telecommunications initiative establishes guidelines for the total deregulation of the sector in Spain by 1998 and it includes a new law that will soon go before parliament setting the terms for the introduction of cable TV. Mr González said the legislative package represented a "cultural change" for Spain and a strategic leap forward in its competitiveness

Kohl to 'stay on at least 4' more years

By Quentin Peel in Bonn

Chancellor Helmut Kohl yesterday spread confusion over his plans for eventual retirement, saying he intends to stay in office for the next four years if he wins the election - but leaving a question-mark over what will happen

In a masterly piece of electoral mysti-fication. Mr Kohl rejected any sugges-

a bid to persuade the European

Commission to accept the sale of Eko Stahl, the last of the

East German steel mills, to

Cockerill-Sambre, the Belgian

Mr Hans Schwarz, head of

the workers' council at the

Hennigsdorf steel mill in the

eastern state of Brandenburg.

said the agency might buy

back a part of the mill in order to close down one of the hot-

rolling complexes which is

Hennigsdorf, which is owned

by Riva, the Italian privately-

owned steel group, produces

about 700,000 tonnes of steel a

year, but its capacity could

increase to 1m tonnes when its

hot-rolling operation is com-

The agency's policy could have the affect of keeping over-

all capacity levels in eastern

Germany down if Cockerill

buys Eko Stahl, but could also

mean further job losses in the

industry.

steel producers.

tion that he might quit sooner, but still gave nothing away. declared that he would be satisfied with a period in office until 1998. "If I am given the opportunity and

the health to be chancellor for another four years, this will be a big enough achievement," he said.

Suggestions in a recent television interview that he would still be chancellor after the year 2000, when he will be 70, he described as "weird". But he

Appearing at the last major press

conference of his election campaign before the poll on October 16, he stressed his determination to see his two great projects accomplished - German unification and European unification. The latter meant that the forthcoming inter-governmental conference of EU member states, in 1996, must make further big strides towards inte-

gration, including a significant boost in the role of the European parliament.

"This conference must bring us an important step further," he said. As for the enlargement of the EU, he called for a firm timetable to be set for the admission of the new democracies of central and eastern Europe. He repeated his determination that "the eastern border of Germany cannot be allowed to remain the eastern border of the EU."

Swedish premier calls in executives

By Hugh Carnegy in Stockholm

Mr Ingvar Carisson, Sweden's new Social Democratic prime minister, yesterday called in a group of the country's top business leaders to advise him on industrial policy, including three executives who launched a thinly-veiled attack on Social Democratic policies during the

general election campaign. Mr Carlsson, who officially assumed office yesterday, optlined in his opening speech to the Riksdag (parliament) his government's policy platform and said that he was appoint. ing a special industry advisory committee to support him in his efforts to reduce unemployment, running at around 14 per cent of the workforce.

The committee is to include Mr Percy Barnevik, chief executive of the Swiss-Swedish engineering group Asea Brown Boveri, Mr Lars Ramqvist, chief executive of the telecommunications group Ericsson, Mr Bo Berggren, chairman of the forestry group Stora, Mr Leif Johansson, chief executive of Electrolux, and Mr Bert-Olof Syanholm, head of the Swedish division of ABB and

chairman of Volvo.

All five, who will be joined by other senior Swedish business leaders, are key figures in the Wallenberg family industrial empire. Mr Ramqvist, Mr Berggren and Mr Svanholm were co-signatories of a newspaper article shortly before last month's general election which warned of the threat to investment in Sweden if the new government introduced policies harmful to industry. They most strongly opposed income tax increases which Social Democrats are commit-

ted to. Mr Carlsson, saying his top priority was to tackle the budget deficit and reduce unemployment, said new jobs must come from industry. "Sweden needs more companies and more company owners." he said. "This requires closer co-operation between the gov-ernment and industry. I will personally be strongly engaged in this work."

The Social Democrats plan to increase investment incentives and may try to cut corporate tax. But the new prime minister gave no indication that he would back down on his election programme of raising marginal income taxes, wealth and capital taxes and

taxes on dividends. Mr Carlsson said the elec-tion plan, which also included spending cuts, and measures already approved by parliament this year would over the next four years strengthen the budget by SKr80bn.

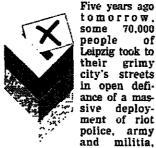
Apart from the public finances and unemployment his four other priorities were to protect and develop the welfare state, increase Sweden's international engagement, deepen co-operation in Europe and harmonise the environment and industry.



Chancellor Helmut Kohl greets supporters after arriving at Leipzig to garner support ahead of the elections on October 16

Kohl and Scharping look east

Quentin Peel in Leipzig



tomorrow, some 70,000 people Leipzig took to their grimy city's streets in open defiance of a massive deployment of riot police, army to demand

GERMAN ELECTIONS reform, democ racy and civil October 16

Under the terms of the Eurorights. pean Union steel levels agree-"We are the people!" was ment, Eko Stahl must not protheir cry, in a confrontation with the authorities which duce more than 900,000 tonnes until 1999, when production they feared would become can then rise. Mr Scharwz said another Tienanmen Square. the 850-strong work force at Against all the odds, it ended Hennigsdorf would be reduced without bloodshed. It was an heroic anti-climax which by nearly a sixth if the plans opened the door for East Ger-

many's peaceful revolution. This week, they have been finding out just what they

were prepared to lay down their lives for the full force of parliamentary elections, west German-style. And the people of Leipzig are clearly a little baffled by the experience. First came Chancellor Helmut Kohl, the man who seized

the opportunity for German unification after those extraordinary events of 1989. He called for their thanks, their loyalty and their votes for his Christian Democratic Union (CDU) on a cold, rain-soaked evening in what used to be Karl Marx

And then in strode Mr Rudolf Scharping, his arch-rival from the Social Democratic Party (SPD), to preach a different gospei on the old Market Square in front of Leipzig's restored medieval town hall: that the "unity chancellor" had got it wrong, that he was to plame for their job losses, their bitter unemployment and soaring rents. They should vote,

instead, for a change, he said. The crowds are a sharp contrast to the massive rallies which marked the peaceful revolution. Back in 1990, Mr Kohl pulled in an estimated 300,000 on the renamed Augustus square, in front of the city opera. Last week, the figure could not have been much more than 3,000, including a raucous knot of jobless demonstrators, who braved a squally night to hear his speech.

The city of Leipzig is already a dramatically different place to the one which saw those Monday demonstrations in October and November, 1989. spilling out from the prayer sessions in the Nikolai church, under the shadow of Karl Marx

Western stores, sleek shoe shops and bustling supermarkets dominate the cleaned up streets of the city centre. cranes swing on all sides over the skyline, and fast food from Mövenpick and McDonalds has replaced the soggy fare from

half-empty state restaurants. There is still a slightly scuffed and hang-dog look to the passing pedestrians, still sporting cheap, colourless clothes left over from the old regime. But no one is too scared to shout their protests at the disappointments of unification, or even sling a solitary egg at a poster of the chancellor.

They carried crosses for each local factory which has been forced to close in the harsh privatisation process which followed economic and monetary union between the two balves of Germany, and countered the loyalists' chant of "Helmut! Helmut!" with a barrage of whistles and cries of "Kohl must go!".

The chancellor was unmoved. He looms over the microphone under a massive party slogan - "Vote CDU to make sure it goes on getting better" - and bellows his message through loudspeakers - "I am the man who brought you unification. Vote me." Most of his speech is pure

history: recounting those heady days when he thrashed out the deal with President Mikhail Gorbache which set the seal on German unity. This is Kohl the statesman, the man of history, the man they owe. He rounds on the demonstra-

tors with a fury which suggests that he cannot understand their ingratitude: they are the Communists who, with the Nazis, brought down the democracy of the Weimar republic, he declares. They are the ones who would do it again. And he castigates the Social Democrats for any hint that they might be prepared to use communist support to defeat his coalition government in Bonn.

Mr Scharping is another animal. He is full of facts and figures, of jobs lost and policies mishandled. His rival promised that unification would be all but painless, and he lied, he

He reels off all the tax rises the soaring rents and prices, the unemployment and the squeeze on social spending. He promises more social justice, and more cash payments for children, as well as a fairer distribution of the tax burden.

It is all a bit lost on his audience, until he comes to questions of housing, rents and property. That is what they understand: the uncertainty of living in homes which might suddenly be sold, and the shock of paying western rents

Mr Scharping says he will freeze the rents, and ensure that former property owners get compensation, not restitu-

"I like what he is saying," says a severe-looking middle aged lady in a yellow overcoat.

"But I'm not sure he can deliver it." A grim-faced worker is quite sure where his vote does not lie: "That Kohl is shameless," he insists. "I'm 59 and unem-

ployed. He cost me my job." But the electors of Leipzig are learning fast. "That's all electioneering," says a leatherjacketed motor mechanic, highly suspicious at being questioned for his views. "You've got to take it with a pinch of salt. I'm just happy

Yeltsin gets a taste for the spirit of politics

The official Russian news agency, Itar Tass, yesterday published excerpts from a let-ter from President Boris Yeltsin to Mr Albert Reynolds, the Irish prime minister, which express the president's "sin-cere regret" for the "annoying misunderstanding" which kept him inside his jet at Shannon airport on his way back from the US a week ago, instead of attending a scheduled meeting with the prime Minister.
Mr Reynolds, with great

good humour, accepted the explanation given to him by Mr Oleg Soskovets, first deputy prime minister, that Mr Yeltsin was "unwell" and "fatigued". Mr Patrick McCabe, Irish

ambassador to Moscow, said vesterday the letter, sent on Tuesday, was "warm and gracious": it repeats an already-issued invitation to Mr Reynolds to visit Moscow next year, and looks forward to a meeting at the Conference on Security and Co-operation in Europe in Budapest in December.

It could not have escaped the attention of the Irish, however, that Mr Yeltsin said he was not unwell when he returned to Moscow, proffering instead the explanation that his security people had not allowed him to be woken and that he was annoved about it, an explanation the letter seems to implicitly endorse.

The Irish snub completed a troika of such events. Last month, Mr Yeltsin seized a



Irish PM waited on tarmac

loudly and stumbled at a reception at the Berlin ceremony marking withdrawal of Russian troops. In Washington last week he gave a boisterous press conference after talks with President Bill Clinton. These have embedded them-

selves in the Russian political landscape, and, as the political season opens once more, the president's behaviour and habits will not be off-limits.

They have not so far, however, come under the sustained attack which a Western head of state would certainly have had to suffer. Mr Victor Ryukhin. Communist deputy who referred on Wednesday to Mr Yeltsin's escapades as "our shame" and claimed he was a long-term sufferer from alcoholism, was a rare exception to official silence, or indifference.

The incidents, and Mr Yeltsin's general behaviour come up in ordinary conversation,

but are shrugged off, as if to say: "What would you expect?"
The official Communist party disapprobation of drunk-enness, which reached a peak when Mr Mikhail Gorbachev come to power in 1985 and ban-ned drinking, has wholly gone. It had anyway been, in the latter part of the Soviet period, largely hypocritical: Mr William Pokhlebkin, whose "History of Vodka" appeared three years ago, says that, in the 1970s, "it was no longer possible to evoke a popular contempt for drunkenness, to create an attitude of disdain for drunkards, since heavy drinking had lost its stamp as a grave offence incompatible with the Soviet system

Now. alcohol is indispensably compatible with the good life, or efforts to simulate it. Most of the street kiosks sell alcohol of varying sorts. It is available in large quantities at official, as well as private. receptions. Mr Genady Zyuganov, the

increasingly militant leader of the Communist party, said yesterday that the opposition would be out in force next week to debate parliament's relations with the president. The Communists have shown that they have no inhibitions about attacking Mr Yeltsin for his alleged drinking habits: the issue will come up again, and, if the allegations have a basis. then Mr Yeltsin, his health uncertain, is in poorer and poorer shape to withstand the

Discord on rouble's fall

Russian ministers yesterday gave sharply different accounts of the rouble's rapid fall, reflecting fear in government circles over Russia's reform course, writes John Lloyd. Mr Sergei Dubinin, acting finance minister, said the fall was "profiteering, pure and simple" by commercial banks, and that the rouble would rise again soon. But Mr Anatoly Chubais, deputy prime minister in charge of privatisation, told regional presidential represen-tatives the fall was a "result of half measures and deviation from the financial policy".

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Italy seeks new budget formula

The Berlusconi government is urgently studying ways to reformulate its 1995 budget after its rejection by the senate. The search for a new formula followed a surprise vote in on Thursday rejecting plans to raise L5,000bn (£2bn) from an amnesty on buildings constructed without proper permits. The funds would be raised through charging registration fees for regularising property development and construction carried out without permits since 1985.

Along with a further L10,000bn due from a pardon on disputed tax assessments, the two items were the main source of new revenues in the 1995 budget. Overall the budget, which began its path through parliament this week, is due to find L50,000bn in fresh revenues and spending cuts to reduce the public sector deficit to below 8.5 per cent of GDP.

The illegal construction amnesty has been hotly contested by the opposition, especially the Greens. Also at least five regional administrations have filed suits with the constitutional court seeking to block the measure which is seen as condoning uncontrolled speculative building. In the senate, where the right wing coalition lacks a majority, the government was handicapped by several absences. The vote was lost by 113 to 115. The government has piedged to devise a means of re-introducing the legislation; but finding the necessary consensus in the senate may prove difficult. Mr Lamberto Dini, the treasury minister, warned this week that in the event of revenue shortfalls, the government would have to resort to extra taxes. Robert Graham, Rome.

UN troops expel Moslems

United Nations troops yesterday drove Moslem forces from the Sarajevo demilitarised zone at gumpoint after Bosnian Serbs threatened revenge for a commando raid in which 20 Serb soldiers and women nurses were killed. Peacekeepers said they had evicted at least 550 men of the Moslem-led Bosnian government army from the Mount Igman area of the zone and destroyed their bunkers and trenches.

UN commanders feared the Moslem attack, launched from the DMZ against a Bosnian Serb army command post, would wreck their efforts to lift a Serb blockade of aid for civilians. Angry Serb leaders had warned they might order UN peace-keepers off their territory, but the first UN aid flight to the city for 15 days touched down safely yesterday morning. The operation to flush the Moslems out of the DMZ, begun on Thursday and continued overnight, was to pre-empt any attempt by the Serbs to do the job themselves. UN envoy Yasushi Akashi made clear to the Moslems he would order Nato air strikes against them if they refused to obey. Reuter,

Polish TV licensing row

Differences over licensing policy inside Poland's TV and Radio Council, a regulatory body, are delaying plans by Canal Plus, the French pay television channel, to go on the air. The French company, which has invested \$4m in Poland and plans to invest another \$36m, called on the council's new chairman Mr Janusz Zaorski to grant the licence promised last summer. The delay in signing the licence has given rise to fears that Mr Zaorski plans to grant the frequencies to another operator such as the Italian-owned Polonia network which failed to win a licence in the original contest but is held in higher regard by President Lech Walesa, who appointed Mr Zaorski.

Canal Plus is also under pressure from Multichoice, owned by Mr Rupert Murdoch's News Data Corporation, which is marketing a pay TV service subtitled in Polish. Multichoice is also offering coded satellite channels like Filmnet and Discovery but has not gone through the expensive and time-consum ing licensing procedures completed by Canal Plus. The French company yesterday called on the Radio and TV Council, to examine the legality of Multichoice's operations which threaten its profitability. Christopher Bobinski, Warsaw.

Danish economy grows at 5./%

Denmark's gross domestic product increased by 5.7 per cent in the second quarter against the same period last year, taking the growth rate for the first half year to 5.4 per cent (in constant prices), according to the official Statistical Office. The first half recovery was led by consumer demand, which soared by 8.1 per cent compared with last year. Exports grew by 6.8 per cent, with second-quarter exports up by 9.6 per cent. Gross fixed investment increased by 3.2 per cent.

The rapid increase in demand generated strong import growth, with imports up by 13.6 per cent in the first half and by 17 per cent in the second. The Danish recovery is supported by strong demand for exports, but it was also stimulated by a major boost to domestic demand from government fiscal policy last year. Widespread conversion of mortgage loans from high coupon to low coupon bonds last autumn and in the spring also made a significant contribution to consumer spending by reducing the cost of servicing mortgages. Hilary Barnes, Copenhagen.

Commuter anger explodes

Stranded Indian commuters went on a rampage yesterday, burning railway carriages, looting shops and attacking buses after a derailed train halted peak-hour traffic into Bombay. Irate commuters attacked railway property at about 11 suburban railway stations, beating up railway staff, burning furni-ture and stealing cash from ticket offices. At least 34 people were taken to hospital, including 20 railway staff. Police opened fire at Bhayandar to quell angry mobs, and used batons elsewhere to try to maintain order. Police said at least 70 buses were damaged, while 10 carriages of a train were set ablaze. Passengers pulled out the seats from another train and made them into a bonfire.

More than 500 suburban trains were cancelled because of the day-long violence. Hundreds of commuters squatted on the tracks blocking trains into the evening. Railway staff said train services would be disrupted for at least 48 hours because of the violence and damage. It was the fourth time since July that violent commuters had attacked railway property following the disruption of services. Bombay's suburban railways carry more than three million commuters a day into the banking and commercial centre. Reuter, Bombay

China urges patents crackdown China, under strong pressure from the US to protect copyrights and patents, ordered its courts yesterday to wage war on violators of intellectual property rights, The Supreme Peo-

ple's Court of China issued a circular to all civilian, military and special courts to "conscientiously study and research... laws governing protection of intellectual property rights", the official People's Daily said yesterday. Foreign businessmen in China have expressed concerns over

the abilities of courts to deal with the often highly technical

nature of copyright issues. According to the circular, courts have been advised to select people with foreign language abilities and background in science and engineering to take part in copyright violation trials. The courts were also told to resist protectionism in local governments and other government agencies. Reuter, Beijing.

Earthquake insurance bill rises

San Francisco.

Estimates of insurance losses from the Los Angeles earthquake last January have been raised from \$7.2bn to \$9bn after a surprising number of new claims, the American Insurance Services Group said. More than 100 new claims a day are being reported by insurance companies, the group said. About 350,000 claims have now been received by insurers. Homeowners' losses represent 76 per cent of claims, with commercial losses accounting for an additional 12 per cent. The heavy losses reflect the thrust-fault motion of the earthquake which exerted enormous forces on structures. The earthquake hit the heavily populated area of north-west Los Angeles on January 14, causing extensive damage over a wide area. Louise Kehoe,

Market crisis spurs probe into Hualon links

By Laura Tyson in Taipei

Taiwan's monetary authorities yesterday launched an investigation into the extent of financial institutions' exposure to the Hualon group, a textile conglomerate, in the wake of the country's worst stock market crisis in two years.

Four of the group's executives were detained on Thursday as they tried to leave the country after payments defaults triggered when underground financiers called in loans. Another was detained

They are being held under suspicion of violating article 155 of the Securities and Exchange Act, which prohibits direct or indirect manipulation of share prices. The maximum sentence is seven years in prison or a T\$750,000 fine.

market, which fell by more than 4 per cent on Thursday. Mr Oung Ta-ming, a Taiwanese legislator and Hualon's behindthe scenes head, conceded he was not entirely blameless but said he could do nothing to resolve the matter until Ms Li Hsiu-fen, his top aide and man-

ager of his share trading activi-

Relative calm returned to the

ties and one of the executives who has been detained, was released from detention to help clarify matters. Mr Oung enjoys virtual immunity from prosecution as a lawmaker. He launched his political career with his election to Taiwan's Legislative

Yuan shortly after a similar share payments crisis in 1992 to which he was also linked. The Securities and Exchange Commission said yesterday defaults had been staunched at

T87.6bn. Mr Day Linin, SEC Talwan chairman, said the incident. which sparked a share index dive of more than 7 per cent in two sessions, had been contained and would not precipitate instability.

According to figures from the Central Bank of China, outstanding loans to Hualon's five 5,000 listed companies alone amounted to at least T\$28bn at the end of August, newspapers reported.

Loans from banks, bills finance companies and other formal financial entities to Hualon-Teijran were reported to total more than T\$10bn. Central bank officials could Brokers said it was impossi-

not be reached for comment. ble to estimate the group's borrowings from underground financiers, Market sources estimated Mr Oung has T\$4bn in

Weighted index 6.000

> 3.000 1993

4,000

cash on hand. Taiwan banks generally lend on the basis of full security. mostly in the form of real estate or equipment, but some-times they hold securities as

Market sources said some banks refused to lend to entities affiliated to the Hualon group following a similar share payments default crisis in autumn 1992. That resulted in default totalling TS9.2bn.

As well as being one of Taiwan's wealthiest men, Mr Oung is a powerful politician. He controls the parliament's finance committee and is said to have his own faction of a dozen or more legislators in the 161-seat legislature.

He is an enigmatic character who sports a scraggly beard, dresses sloppily and is renowned for his retinue of attractive young women. "Oung Ta-ming is very mysterious; you can't try to understand him using normal logic," said a Taiwanese investment banking source.

The analyst suggested that

the fourth consecutive year in the red. The company forecasts a profit of T\$968mm (US\$35.85mm) in 1994. One of Tanuan's biggest textile companies. Hualon-Teijran's total assets stood at US\$1.7hn at the end of 1993,

with Taiwan's closely-kny.

business and politics, there

was likely to be more to the

situation than met the eye.

"Anything related to politics

here is not so simple - you

can't just add one and one and

Hit by a global slump in the

textile industry. Hualon To-

uran Corp posted net losses of

TS381mn (US\$14.2mm) in 1994.

come up with two," he said.

Total group assets are estimated at US\$2.5bn Mr Liu Chen kuo, the finance minister, said those response ble for the defaults cross

would be brought to justice

China defiant after second nuclear test

By Tony Walker in Beijing

China yesterday ignored appeals for a moratorium on nuclear testing and strongly defended its second under-ground test in four months.

The Chinese insist that they lag well behind other nuclear powers in testing. "Among all the nuclear states, China has conducted the least nuclear tests," the foreign ministry said. China is believed to have conducted 41 tests compared with 1,000 by the US.

Beijing said it remained committed to a comprehensive nuclear test ban treaty by 1996 and repeated its proposals for treaties on the "non-first-use" of nuclear weapons and the removal of threats of nuclear attack against non-nuclear weapon states.

But western governments lodged protests over the test at the Lop Nor site in far-western Xinjiang province. Britain "regretted" the test and Australia instructed its embassy in Beljing to "convey its concerns". Russia expressed regret and concern and advised Bei-jing to rethink its policy. Mr Miguel Marin-Bosch, chairman of the conference on disarmatest ban said in Geneva the latest blast was "not conducive" to advancing the 39-na-

The foreign ministry in Beijing said China would end its

nuclear tests once a comprehensive test ban treaty came into effect. "China is actively participating in the negotiations on a comprehensive nuclear test ban treaty held in Geneva and hopes to see the conclusion of the treaty at the earliest possible date or no later than 1996," it said.

Australia's seismological centre in Canberra detected the test early yesterday and said the detonation was consistent with a medium-to-largeexplosion. Yield was estimated at the equivalent of 40-150 kilotonnes of TNT.

China conducted its last test in June in spite of demands by the US and Japan to refrain. Beijing has steadfastly refused to join a US-sponsored twoyear moratorium.

The foreign ministry official said China possessed a small quantity of nuclear weapons solely for the purpose of self defence." He urged nuclear weapons states to agree to the businesses controlled generation, transmission and destruction of all nuclear by the governments of distribution as is now the weapons soon.

In Canberra, Mr Gordon Bilney, Australia's acting foreign minister, said China's continued testing was "out of step with the positive atmosphere" hensive test ban.

"China must come to terms with the imminent fact of a ban on nuclear testing for all time and in all environments,"

Japan's trade surplus falls

tion negotiations.

By William Dawkins in Tokyo

Japan yesterday reported a 15.7 per cent decline in the current account surplus in the year to August, the first drop in three

The improvement, hot on the heels of last weekend's settle-ment of the latest US-Japan trade row, reinforces the finance ministry's contention that the surplus is passing its

The drop, to \$6.16bn from \$7.31bn in the same month last year, comes partly as a result of a surge in energy imports caused by an unusually hot summer, plus an underlying pick-up in consumer demand. It is becoming clearer that Japan is heading for economic recovery, Mr Yasushi Mieno, governor of the Bank of Japan,

said yesterday.
Within the overall current account gap, the manufacturing trade surplus fell by 4 per cent to \$8.65bn, while trade in services showed a \$1.57bn deficit, 39 per cent more than the services deficit in August last year. Exports of goods rose by 12.2 per cent to \$30.39bn, while imports grew rather faster, by 20.3 per cent to \$21.74bn.

A recent sharp rise in the outflow of long term capital continued in August, at \$15.97bn, well over twice the \$6.8bn capital outflow in the same month of last year. This is mainly due to an increase in Euro-yen bonds issued overseas by Japanese companies, in search of cheaper capital in less regulated foreign markets. Sales by foreign investors of Japanese shares and bonds held in Tokyo played a smaller part in August's capital outflow than was the case in July. Yesterday's fall in the sur-

plus helped to ease pressure on

the yen, so that the dollar rose

Y0.47 to close at Y100.02 in Tokyo yesterday, the highest

since September L

Airport to expand as protestors relent

By Gerard Baker in Tokyo

The Japanese government is expected to announce plans next week to increase capacity at Tokyo's overcrowded Narita international airport, following a deal with anti-airport pressure groups who have blocked expansion for almost 30 years.

Mr Shizuka Kamei, the transport minister, said his ministry had accepted a proposal from mediators that would settle its dispute with farmers and other groups hostile to the airport. He declined to comment on the details of the plan but it is understood to provide for the construction of one additional runway at the airport, 40 miles north-east of Tokyo.

Farmers and environmentalists successfully held up the original construction of the airport for more than a decade and have vehemently opposed any expansion, but they are understood to have agreed to the mediators' proposal. It calls upon the government to suspend plans for a third runway and not to press ahead with the construction of the second before completing extensive consultations with farmers and residents affected.

The transport ministry had originally proposed the construction of two more runways at the site to meet the rapidly growing demand for landing slots. An estimated 38m passengers are expected to use the airport in 2006, compared with 22m now. Airlines from 43 countries are awaiting permission for landing rights at Narita.

The compromise is expected to be formally approved at a final round of negotiations next Tuesday. However, the consultation process is expected to take several years to complete before construction of the runway can begin.

Beijing to set up HK shadow body

8y Tony Walker

China is to set up a special committee in Hong Kong in the run-up to the 1997 takeover to review legislation and recommend appointments to the judiciary.

Beijing's announcement of a 'civil legislative committee" in direct competition with Hong Kong's Legislative Council deals another blow to Sino-British co-operation.

The official China Daily reported that the new committee would "oversee areas cur-

rently being supervised by the Legislative Council". China was compelled to take

this step after the British Hong Kong government closed the door to co-operation with China, the newspaper said. China's declaration came 48

hours after Hong Kong Governor Chris Patten made the conciliatory offer of allowing officials of his administration informal contacts with Beiiing's preliminary working committee - the body set up to prepare for Chinese rule.

Previously, Mr Patten had

attempt to undermine British authority. Mr Patten made his offer in his third policy speech as gov-ernor, but China's response

banned any contact between

Hong Kong officials and the

PWC whose establishment last

year was widely regarded as an

was dismissive. This reflects the parlous state of Sino-British relations. British officials said that while the formation of a new committee to review legislation

would be "unhelpful" the body

would not come into being

They also noted that until 1997 the committee would serve no practical function since it would have no authority to amend or reject leastletion, or make appointments, its recommendations would not take effect until soveregnty passed to China.

until it was approved next year

by the National People's Con-

gress - China's parliament.

But these officials said that Beijing's negative reaction to Mr Patten's attempts at concilwell for increased co-operation.

Australia acts to deregulate utilities

By Peter Montagnon

AUSTRALIA plans new rules on competition next year which will allow for deregulation of utilities and pave the way for the eventual creation of a national power grid, its treasurer, Mr Ralph Willis said in London yesterday.

The changes, first proposed in the Hilmer report on national competition policy, involve the application of competition rules to previously exempted sectors, including

individual states.

Mr Willis said the proposals,

which would also introduce competition rules to the professions and statutory bodies for marketing commodities, were "the most significant element" of the government's programme for structural

The new rules would give the federal government legal nowers to restructure the power industry so that separate entities could be responsible for power

case in Britain. This would remove state

governments' effective monopoly on local electricity supply forcing open the distribution network to all generators, a particular breakthrough given Australia's federal constitution which binders national de-regulation of utili-

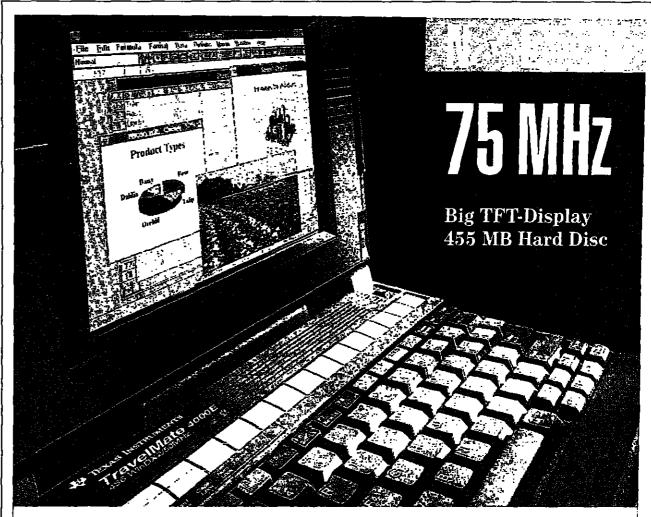
We think it appropriate that we have a national grid so that we can remove excess capacity and generate competitive presures on pricing," Mr

Willis said. The new rules might also Mr Willis said.

of state electric utilities, but "the principal thing is to have competition," he said.

Mr Willis said the federal government planned to finalise the necessary legislative package by February next year and set in train the necessary institutional arrangements by mid-1995.

Eventually a similar approach could be applied to gas supply. National efforts were also under way to improve rail communications,



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B ogota is an unruly, dirty offices are still largely concen-and unlovely city. It has outgrown its transport, few streets of pretty colonial if people's attitudes changed. sewerage and water systems. and there are 14 murders a day. As Mr Antanas Mockus, the candidate in mayoral elections on October 30 who leads the opinion polls by a large margin, told a hall full of students: "You can't fix Bogota by putting 'I love Bogota' stickers on your car. Instead, say 'I hate it, but I'll do something to

Sick of empty electoral promises. Bogotanos have warmed to Mr Mockus's candid prescriptions. He is making no political pacts and his popular-ity scared the Liberals and Conservatives into discussing an alliance for the local government elections. When this fell through, Mr Enrique Peñalosa of the Liberal party was

left as the other contender. Fuelled by migrants from all over the country, the population of Bogota has grown at more than 4.5 per cent a year during the last decade to 6.3m. With about 16 per cent of Colombia's inhabitants and a third of its industry, the capital sprawls out from a ridge of mountains across a high plain, eating up rich farmland. The winter rains bring landslides to poor hillside barrios and floods to lower-lying ones.

Although many businesses have moved north from the

and early republican buildings survive in the Candelaria area in the city centre, but only three blocks from the presiden tial palace there are street walkers, drug dealers and any number of thieves carrying knives up their sleeves.

From time to time plans to remove the army of street sellers from the main avenues and to revamp parts of the centre are announced; but such enormous social problems underlie the physical decay that no mayor has had the courage to tackle them. Mr Mockus, a mathematician

and philosophy professor, took on one of the more difficult jobs in the country when he became rector of the anarchic National University. He resigned after television news programmes showed him 'mooning'(making a crude gesture of defiance) at a noisy university audience which would not let him speak, but students think well of him. "He's an intellectual in a million, a very good teacher. The university reforms he implemented have been successful - he's too far ahead on some things, though; people haven't his vision," said graduate student.

The key to changing Bogota, according to Mr Mockus, is civic culture. All problems, including pollution, transport,

age, which forms the core of his programme, has been well received in a city where corruption is rife and cries for help rarely answered. A recent study by the mayor's office found the lack of civic solidarity to be people's fore-most complaint, followed by transport, violence and administrative incompetence

The next mayor will have lit-tle to spend unless he can cut back on operating expenses. The capital has 60,000 people, including teachers and public molovees, on the payroll. Bogota's financial situation

has been deteriorating since the 1970s," said Ms Maria Eugenia Avendaño, in charge of UN projects at city hall. "Service tariffs hardly changed and the money went to pay off multilateral loans. Now there's been a big increase in the industry and trade tax and more people are paying the property tax. Debts of the public service companies have been refinanced, so there'll be something over for investment." Catching up on service provision is one of the priorities - only 60 per cent of households are linked to the main sewerage system and more than 200,000 water connections are illegal. Every year unauthorised barrios sprout on



take-overs are sponsored by unscrupulous politicians in search of votes. People living in areas such as Ciudad Bolivar, a vast conglomeration of low income barrios, resort to strikes to get the city to solve

their most glaring problems.

tackle Brazil's economic and

social problems. But Mr da

Silva said he thought "person-

ally it is very difficult" for the

PT to co-operate since Mr Car-

doso was already allied with

Bogota has had no long-term transport or planning strategy and roads have been widened and fly-overs thrown up in a haphazard way. The number of vehicles has risen to over 600,000, boosted by the liberalisation of imports. There are 50

per cent of all trips are made on public transport, so it is not surprising a rapid transit system is regularly debated. The British company Halcrow Fox analysed a series of

proposals for transport strategies. "The evaluation process

Mauricio Cuellar, a transport specialist working with the local administration. "It allowed us to arrive at a long-term project which attacks the main zones of congestion and central area access

This would include a north-



Mockus: candid prescription

south metro line, combined with east-west bus highways. The metro is an expensive solution and would need a substantial contribution from the central government, which has promised special help for Bogota. It is one of the items on a list prepared by the Bogota 2000 planning team, 1 along with the decontamina-tion of the River Bogotá, the establishment of free trade zones and a host of projects. As an attempt to involve Bogotanos in the discussion of their future and the choice between investment alternatives, the Bogota 2000 exercise is gathering steam. Mr Mockus thinks it is a good idea and wants to build on it. But his battle is not only to beat the powerful Liberal party machinery: if he wins, the unorthodox professor will have to govern the capital with virtually no city councillors to back him.

Brazil's left-wing presidential candidate brushes off defeat

By Angus Foster in São Paulo

Mr Luiz Inácio Lula da Silva, defeated in Brazil's presidential elections on Monday, yesterday said his left-wing Work-ers Party (PT) had been strengthened by the election and would continue its push for greater social reforms. 'We may have lost the elec-

tion, but we have not lost our task." he said.

Mr da Silva appears to have been easily defeated in the presidential race by Mr Fern-

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mer finance minister and sccial democrat politician. With more than half the votes counted, Mr Cardoso has 54 per cent compared to Mr da Silva's per cent. Mr Cardoso claimed victory on Thursday but Mr da Silva said he would not formally admit defeat until

all the votes are counted, not likely before next week. Mr da Silva, a former metalworker who has helped turn the PT into Latin America's biggest left-wing political party, said he had not yet presidential elections and, although only 47, it is unclear whether he wants to compete

Despite Mr da Silva's defeat, the PT has done well in separate elections for governors and Congress. The party is likely to elect its first state governor in the state of Espirito Santo and the party's number of senators could increase from 1 to at least 4. Some politicians have called for a broad alliance of parties

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right-wing forces opposed to The PT also called for a

reform of the media, which strongly backed Mr Cardoso. Mr da Silva said groups like Mr Roberto Marinho's Globo, which controls Brazil's biggest TV broadcaster as well as newspapers and radio stations,

US unemployment figures at lowest level in 4 years

By George Graham in

The US unemployment rate dropped to 5.9 per cent last month, its lowest rate for four years, but other statistics published yesterday showed the pace of job creation slowing.

The department of labour said the number of jobs outside the farm sector rose by 239,000 in September to 114.1m. after seasonal adjustment, with private sector employment rising

Most economists said this growth was more modest than to non-farm jobs in August.

the employment report, the first significant indication of September's economic conditions, would give a clear pic-ture of whether the Federal Reserve would need to raise interest rates again to slow the economic expansion to a less inflationary pace.

But the data offered mixed signals. After an initial fall, the US treasury 30 year bond climbed again and by noon had risen 点 to 94强, with a yield of 7.94 per cent. Stocks followed bonds upwards, and by noon

the Dow Jones Industrial Average had risen 14.8 to 3,790.36. offset by an upwards revision the US has risen by 3m so far

the first quarter to an average of 258,000 a month over the July to September quarter. These figures are based on a labour department survey of

businesses, and are generally

regarded as more accurate than the survey of households. which is used to produce the overall unemployment rate. That rate has fallen from 6.7 per cent in January to 5.9 per cent in September, but interpretation has been complicated by a change at the beginning

of this year in data collection methods. rate is lower than most econo-

average of 396,000 a month in below which workers start to bid wages up. Average hourly earnings in

the private sector rose by 0.3 per cent last month to \$11.16, and stand 2.6 per cent higher than they did a year ago. But with an increase in overtime, weekly earnings averaged \$386.14, up 0.6 per cent on last month and 3.2 per cent over the last year.

While many Wall Street economists argue that interest rates will have to rise again to quell inflationary pressures. businesses have been worried that the Fed. which raised its the fifth time this year on this year, but the pace of job mists' estimates of the "natu- August 16, might choke the Financial markets had hoped creation has slowed from an ral rate of unemployment", economy into a recession.

Indicators keep everyone guessing on interest rates

By George Graham in

f the Federal Reserve's policy makers wanted a nice. clear indication of the pace of the US economy's expansion from last month's employment statistics, they will have been

That means that Fed-watchers, too, will have to wait a while longer before they see whether the US central bank will move short-term interest rates still higher in an effort to slow the economy's momentum before inflationary pres-

sures build up. Yesterday's announcement offered a battery of contradictions. A drop in the unemployment rate to 5.9 per cent, from 6.1 per cent in August, was bal-anced by a relatively modest increase of 239,000 in September in the number of non-farm jobs; that in turn was offset by a sharp revision upwards in the number of jobs created in August to 246,000, rather than the weak 179,000 originally reported a month ago.

These conflicting signals confused the financial markets yesterday, and did little to change the opinions of private sector economists who have. for the most part, already placed their bets on the likeli-

hood that the Fed will decide to raise interest rates another notch before the next meeting of its policy-setting Federal Open Markets Committee on

November 15. And they appear unlikely to have changed many minds at the Fed, whose last FOMC meeting 10 days ago decided to more time to see whether its increase of half a percentage point on August 16 will have its intended effect of slowing

the economy's momentum.

The delay will irritate many in the financial markets, which have shown increasing impatience at what they see as irrefutable signs that the economy is still growing at an unsustainably fast pace in the third quarter, and have made clear their view that the Fed is "behind the curve" by pushing long term interest rates above

8 per cent. But they may be underestimating the degree to which Fed officials believe they have acted in advance of inflationary pressures this year.

Fed officials warn that mone tary policy is an uncertain business, with long and variable lags between a change in interest rates and its effect on the economy, and point out that they have already raised

banks charge each other on overnight balances, by 1% per-

centage points this year. Senior members of the FOMC, in recent speeches around the country, have appeared more worried about justifying to business leaders the fact that they have raised interest rates so far and so fast than about justifying to Wall Street their failure to move even further and faster.

Mr Robert Forrestal, president of the Atlanta Fed, told a meeting in Alabama this week that he expects growth to slow to around 31/4 per cent for the whole of this year and to around 3 per cent in 1995. And Mr Robert Parry, presi-

dent of the San Francisco Fed. told the Los Angeles Bond Club on Wednesday that the FOMC had been "a little bold to move this early." The effects of the most recent increase, he added, had "yet to be felt". "Such forward-looking mone-

tary policy helps avoid the gostop economic environment of the late '70s and early '80s, and it's much more likely to produce a lasting economic expansion," Mr Parry said.

Nevertheless, two of the indicators to which the Fed is generally believed to pay particu-

industrial capacity utilisation rate - are now signalling that the economy is running at or beyond a pace which it can sustain without succumbing to

Calculations of the natural rate of unemployment, below which wage pressures start to build, vary. Few estimates, however, are much lower than September's rate of 5.9 per cent, and most Fed estimates are above 6 per cent.

Similarly, the Fed reported last month that the rate of capacity utilisation rose to 84.7 per cent in August, nearly one percentage point higher than reported in July and close to the level of 85 per cent at which industry is conventionally believed to start facing production bottlenecks and raising prices.

In fact, some Fed economists calculate that inflationary pressures begin even earlier, at around 81.8 per cent utilisa-

September's capacity utilisation rate is due to be reported next Friday. But the financial markets may have to wait a little longer to see whether the Fed feels that it needs to raise interest rates further to take some more steam out of the

Haiti pullout before February 1996

February 1996 at the latest, but the White House said it was relieved Capitol Hill had not set a definite pullout date, Reuter reports from Washington.

We fully expect that the entire operation in all of its phases will be over by February 1996, which is the date specified in the relevant UN secretary Walter Slocombe told a hearing of the House of Representatives armed services

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"We are very conscious of for removing the troops, White

US officials assured Congress yesterday they expected American forces to leave Haiti by the risk of getting sucked into things that seem like good ideas at the time that get us deeper and deeper in," Mr Slo-

> "And we are going to resist that temptation."

combe said.

The White House said President Clinton wanted to withdraw US troops as soon as possible, but was pleased Congress had not demanded it by a cartain date in a resolution passed on Thursday calling for a quick pullout.

"I think the president is obviously gratified that they did not include a certain date" House press secretary Dee Dee

"And the president certainly agrees with the notion that the

troops ought to be withdrawn as soon as possible," she said. The Senate and House voted Thursday to approve a nonbinding resolution urging a prompt, orderly pullout of US forces, but didn't set a date. The Senate resolution also chided the president for refusing to seek congressional

authorisation for the September 19 military intervention in Ms Myers said it was "no secret" that many lawmakers

had wanted Mr Clinton to ask for congressional approval prior to the intervention, and that he had a "longstanding disagreement" with Capitol Hill on the subject.

"I think he (Clinton) has outlined what the conditions for withdrawal are - a secure environment that allows us to turn the situation over to the UN," Ms Myers said.

Mr Slocombe said the US military operation is limited to restoring President Jean Bertrand Aristide, assuring parliamentary elections this year and presidential elections by the end of next year.

Labour attacks MacGregor's move to City

By Philip Stephens and Charles Batchelor

A move by Mr John MacGregor. former transport secretary, to rejoin merchant bank Hill Samuel sparked a political row last night as Labour attacked the system which gives former ministers freedom to take City directorships.

Mr Brian Wilson, the opposition transport spokesman, said he would raise the appointment in the

Westminster in 10 days' time. Hill Samuel, a subsidiary of TSB Bank, is advising the Department of Transport on the Channel Tunnel Rail link. It was selected to advise on the rail link in August last year after a competition among a number

Mr MacGregor asked to take no part in the selection process because of his former links with the bank. Under government rules there are no restrictions on ministers taking Commons when MPs return to jobs in the private sector which have

connections with their previous ministerial posts.

But Mr Wilson said Hill Samuel's involvement in the Channel tunnel link meant that Mr MacGregor's appointment as non-executive deputy chairman was "completely unacceptable". He said: "Hill Samuel are the direct beneficiaries of Mr MacGregor's policies, particularly in relation to the Channel Tunnel

Accusing the Conservatives of

Mr Wilson said: "It is completely unacceptable that the secretary of state at the time of Hill Samuel's appointment should immediately move over from government to boardroom". He added that "common decency dictated that Mr Mac-Gregor should have steered clear of companies which were direct beneficiaries of his own policies". Downing Street indicated that it saw no con-

The row follows a series of attacks "sleazy and scandalous" behaviour, at the Labour conference in Black-

flict of interest.

ministers. The opposition's opinion polling shows that the charge has a resonance with the electorate.

Rules issued by the cabinet office say there are no formal restrictions on former ministers taking up private-sector posts other than those which apply to all backbench MPs. The rules add that former ministers should avoid any actions which reflect adversely on their or the government's reputation.

Mr MacGregor worked at Hill the UK and internationally.

pool on the jobs taken by former Samuel for 11 years before his 15-year ministerial career. He remains MP for South Norfolk

Before he became transport secretary in 1992 he served as chief secretary to the Treasury, minister of agriculture, education secretary. Lord President of the Council and

leader of the Commons.

Mr Hugh Freedberg, Hill Samuel's chief executive, said Mr MacGregor's experience would be valuable in continuing to develop the business in

Commercial radio set for

A battle is brewing in the London radio market following the news that four new commercial stations will come on air in the capital next year, including a women's talk station, a Christian radio service

The Radio Authority yesterday announced that it was also renewing the two licences for the AM and FM popular music stations run by Capital Radio. which may face fierce competition for its audience and advertising revenue from the new rock stations run by the Virgin and Chrysalis entertainment

groups.
Mr Richard Eyre, Capital's managing director, said: "Life is certainly going to become more competitive. But we're looking forward to the fight." All four music stations have slightly different formats. Capital will continue its youthoriented AM service and "golden oldie" Capital Gold station. Chrysalis aims to attract a female audience for Crystal FM with "soft rock" music from Phil Collins and Elton John. Virgin will target a young, male audience by adding London talk shows to the "hard rock" music already played on its Virgin 1215

Mr Richard Huntingford, chief executive of Chrysalis Radio, said he was confident Crystal FM could carve out its own niche and that the new stations would bring new advertising revenue into London radio

Observers in the advertising the faithful.

ever, that the expanded London radio business could be financed entirely by new

Mr Adam Crozier, executive media director of Saatchi & Saatchi, the biggest UK adver-tising agency, said: "There's certainly scope to attract new money. There may well be some redistribution of old money. It'll be up to each station to compete on the quality

vately criticised the Radio Authority which, they said, had not fulfilled its statutory obligation to encourage diversity. "There's been a clear change of policy," said one. "I don't think anyone expected there to be four music stations in Greater London when they did their business plans."

Lord Chalfont, chairman of the Radio Authority, said the decision to award the new frequencies was taken against the backdrop of increases in London radio listening and

growing maturity of the radio industry, which is increasingly concentrated among large groups including Capital, Virgin and Chrysalis.

en's talk station, is backed by Golden Rose, another established group that already owns the JFM jazz station.

Interest rate rise scares house buyers

By Andrew Taylor,

The housing market has been "knocked sideways" by last month's half percentage point rise in interest rates, according to a survey of more than 200 estate agents.

Some 60 per cent of agents said market activity, in terms of the number of people inter-ested in buying, had declined since the interest rate rise.

The survey published by the National Association of Estate Agents said the rise had dented the confidence of potential buyers causing a "significant downturn in business". Mrs Eva Lomas, the association's president, said the base

ate fall in confidence. She said: "Although interest rates are still at historically

rate increase, although small,

had prompted a disproportion-

the economy is not being trans-lated into confidence among the public and talk about further rate rises can only make the situation worse."

The association's market trends survey for September showed a significant fall in the level of inquiries, viewings, offers and completions compared with August. Only 23 per cent of agents expected the market to strengthen until the end of the year compared

with 60 per cent in August. Nearly half of all agents said that business generally had fared worse last month than in September 1993.

A separate survey by the Nationwide Building Society showed that average house prices in the third quarter of this year were higher com-pared with the corresponding period a year ago in 10 out of

The average UK house price

to Nationwide, was £66,012, up 1.1 per cent on the second quarter and 2.9 per cent higher

than a year ago.

The biggest annual increases to the third quarter were 9.1 per cent in the east Midlands and 7.9 per cent in Northern Ireland, However, prices fell by 1.8 per cent in the north-west: per cent in the west Midlands and by 6.2 per cent in the northern region.

Rules on foreign exchange revised

The Inland Revenue yesterday published a legislative package for the modernisation of the tax rules governing foreign exchange gains and losses and financial instruments.

Brokers

ordered

to cease

business

Clifton Stockbrokers.

long-established private client broker based in Torquay, has

been ordered to cease carrying

on investment business by the

Securities & Futures Authority. David Wighton writes.

The regulator said the firm

was "not fit and proper to carry out investment business and has committed serious acts of misconduct". These related to its fallure to

meet its financial resources

requirement laid down by the

SFA and to "organise and con-

trol its internal affairs in a

responsible manner". In par-ticular the SFA said the firm

had failed to register all its

The package is the result of three years of consultation with businesses, many of which were concerned at the diversity of present practice. Copies from Public Inquiry Room, Room G1, West Wing, Somerset House, Strand, London WC2R ILB.

Loan manager gets five years

Mr Roy Wharton, the former chairman of Castlegate Securi-ties, a Reading-based loan management company, was yesterday sentenced to five years' imprisonment for fraud-ulently mishandling £35m of investors' funds.

He was convicted last month at Oxford Crown Court of two charges of fraudulent trading. Having given assurances about the security of investments, Mr Wharton pursued a speculative strategy which eant investors bore most of the risk while he reaped the financial benefits.

Disqualification of auditor sought

Mr Andrew Magill, the district sionally recommended that councillors and officers of Westminster City Council should repay £21.5m after cll's housing policy, yesterday heard legal representations that he should disqualify him-

self from the case. Mr Anthony Scrivener, the barrister representing Lady Shirley Porter, who was leader of the council when the alleged offences occurred, said Mr Magill had already made his views public, although he had not heard submissions

Tram project wins £100m loan

The European Investment Bank is to provide an Ecu127m (£100m) loan towards construction of the £260m Super-

tram system in Sheffield. The first phase of the 19mile long tram line opened in March and the project is due to be completed in early 1996.

Sixth London bus company sold

London Transport yesterday announced the sale of Metroline Travel, a bus company operating in central and north-west London, to its management for £20m.

This brings the number of London bus companies to be privatised to six and the total raised from the sales to £140m. Four companies remain to be sold and deals are expected to be completed before the end of

More gas jobs go A further 325 British Gas jobs are to disappear from northern England as part of the company's reorganisation. A total of 225 administration workers in British Gas's service group, based at Sunderland, Carlisle and Thornaby in Cleveland are being offered the chance to transfer to offices at Uddingston, near Glasgow, and 100 store workers at a British Gas centre in Newcastle upon Tyne have been asked to consider

Scheme dumped

moving to Leicestershire.

Plans for one of Europe's biggest rubbish dumps at east Aberthaw, South Glamorgan, were thrown out yesterday after fears that flocks of gulls would cause a "bird strike" accident near Cardiff airport.

London battle

and two rock music stations.

Direct insurers, selling via the

telephone and advertisements,

are proving increasingly adept

at persuading homeowners to switch house content and

structure policies, according to

a survey by the NOP market

research group.
In the first six months of this

year, more than half of those

who took out a combined

structure and contents policy for the first time did so

through a building society, the

But direct insurers, in spite

of acquiring only 4 per cent of all first-time customers.

attracted 21 per cent of those

changing their policies from

"Consumers' experience with

motor insurance has taught

them to shon around for the

one business to another.

of their output and market-

Some radio executives pri-

advertising revenue.

The decision also reflects the

Radio Viva, the new wom-

London Christian Radio

envisages raising some money from advertising but also hopes to sell subscriptions to

best price. They are now using

this experience in other mar

kets - including household

insurance," said Ms Heather

McAdam, director of NOP's

She added that the housing

insurance market was proving

views with 60,000 adults.

ular - evidence that companies

are putting more emphasis on

cross-selling and promoting

financial division.

Families choose

direct insurers

handywork in the Wick Lane sewer at Bow. Most of Bazalgette's sewers are still in place. London has a total of 1,500km of trunk sewers, much of it built by Bazalgette Howard aims to win over Pension reform critics with past record

Eight descendents of engineer Sir Joseph Bazalgette, who designed London's sewerage system in

Mr Michael Howard will next week try to draw a line under what has been an immensely difficult year by portraying himself to Tory activists as the home secretary who has

"increasingly dynamic. Although building societies are With his competence increasstill acquiring the majority of ingly under question after a first-time customers, they are finding it more and more diffistring of mishaps Mr Howard's speech at next week's Consercult to retain this business." vative conference in Bournemouth is expected to draw The survey was based on inter-NOP suggests that if the cur-rent trend continues, societies home secretary's pledges to crack down on crime and promote law and order. could begin to lose market But it will also focus on his record in the past 12 months, share rapidly. It also finds that combined insurance policies are becoming increasingly pop-

heavily on the traditional Tory pointing out that he has already implemented the vast majority of the 27 law and order initiatives he unveiled at roots concern about the nature from excessive media expoof sentences handed out to some offenders, the speech is likely to contain a passage on the importance of punishment, arguing that prison conditions should be "decent but austere" and that prisoners' privileges must be earned.

This theme was highlighted yesterday in a speech on com-munity sentencing by Lady Blatch, the home office minister, in Scarborough. She emphasised that sentences in the community should be an effective form of punishment and not a reward for offending. Mr Howard's difficulties this year included the savaging in the House of Lords of two major pieces of Home Office legislation and the discovery of Semtex at Whitemoor prison.

In response to Tory grass- done their best to shield him sure, scheduling his speech for Thursday afternoon during what looks set to be conference's most packed day. But such is the opprobrium

heaped on his recent performance, both from Tory ranks and outside, that it appears unlikely that competition from cabinet colleagues will keep Mr Howard off the front pages. There is a growing feeling among some observers that Mr

Howard could be in danger of the same fate as Mr John Patten, the former education secretary, who was in effect left to soldier on as a lame-duck minister before being ousted in the ministerial reshuffle last July. Anything less than an enthu-

siastic reception from delegates would be seen as another step down this slippery slope.

'It was rather like a long job interview' Lisa Wood on the politically sensitive subject of young people working for nothing

Colin, a 23-year-old graduate in acoustic engineering, spent two months this year working for nothing, except expenses, at a well-established Londonbased film production com-The result was a reference

which secured him a job as a studio manager in a media It was rather like a long job interview," said Colin, who was surprised at the amount of responsibility he was given.

company where I was working started the same way, including the general manager."

An increasing number of young people like Colin are offering to take short-term, unpaid employment to gain a foothold in their chosen profes-

"About half the people in the

It is a sensitive area - there is a fine line between gaining genuine work experience and simply working for nothing. Genuine work experience is part of much school and col-

lege-based training. For example, Pathfinders Personnel, the

iary of Angela Mortimer, the secretarial consultancy. arranges work experience of up to four weeks with a range of employers on behalf of secretarial colleges. In the past two years it has made about 1,000 Ms Amanda Fone, a director

London-based media subsid-

of the consultancy, said that in a competitive labour market more and more companies were pleased to take students for a short time. "Work experience is not replacing the interview, but rather becoming part of it, with many employers recruiting young people they have met on work experience."

The consultancy checked that companies were treating individuals properly. "We ask students to contact us if at any stage they feel exploited. But, at the same time, we have to be realistic," she said. "Sometimes students are asked to do hits of photocopying - but that is different from doing it eight hours a day."

Nevertheless misuse of work

experience does occur and there is anecdotal evidence that the practice has increased during the recession, particularly in non-unionised compa-

Work substitution of this kind may be particularly common in areas young people per-ceive as glamorous, such as the media, where the fragmentation of the industry and growth of freelance work has diluted the power of trade unions to stop longer-term placements where they may believe unpaid workers are doing the jobs of full-time workers.

Bectu, the broadcasting trade union, where membership has fallen from 60,000 to 35,000 in the past four years, said: "We try to make it as difficult as we can for managements to abuse work experi-It pointed to what it consid-

ered to be an associated prob-

lem in the film industry, where

crews are paid less than £2 an

hour with the prospect of more

money only after the film has

lack of clear rules discourages individuals from declaring what they are doing. It is not generally difficult for the person to satisfy the Employment Service that they are available for work. But the income support regulations operated by the Benefits

repaid its investors.

One problem for those on

unpaid work experience is

whether to continue to claim

unemployment benefits. The

If a claimant tells the BA about doing unpaid work, an independent adjudication officer will decide whether it is reasonable to do that work on a voluntary basis. If the decision is that it is asonable, all expenses relat-

Agency are more difficult to

ing to travel and meals are disregarded. The agency said the difficult part was assessing whether the job was truly voluntary, and the labour was extra to that provided by paid workers. "Obviously any charitable status of the employer or task would have a bearing on

the decision," it said. Sometimes individuals are able to incorporate unpaid work experience into government training schemes. Florence, aged 27, was offered unpaid work experience by the Open University. "The OU offered me experience but said they could not pay me for it.'

she said. Her local Jobcentre arranged for her training at the OU to be under the state training programme for the unemployed, then called Employment Train-Florence said: "Once they

trusted me I got a lot of responsibility." she got up at 6am every day to travel from Leicester to the OU at Milton Keynes. "But they did not take me on to avoid taking somebody else on full-time. At no point did I feel exploited." Florence was offered a job at

the OU. She did not take it as she was also offered one at the BBC, which had been impressed by her CV. But "it was wonderful to be given the chance to perform at the OU."

levy attacked expense could be 10 times that

By Nicholas Denton

The pensions industry said yesterday that government proposals for funding new pensions regulation would discour-The National Association of

Pension Funds criticised Department of Social Security proposals to make employers pay for the setting up and maintenance of the proposed pensions regulator.

The NAPF is staking its posttion in advance of legislation due to come before parliament The government has put for-

ward plans for a levy on the industry to finance the estimated £10m cost of the new office and has estimated the total burden of the reforms will The pension funds argue the

should not be borne by employers who choose to provide pensions for their employees. The NAPF statement backs the position of the Goode committee on pensions law reform. The committee, set up after Mr Robert Maywell had raided his companies' pension funds, called for an independent statefinanced regulator to ensure

and may inhibit occupational

"Our members support

the ... recommendation that

the cost of regulation should

fall on the state," said Mr Ron

Amy, the NAPF chairman. "It

Maxwell affair. The government took many of the ideas on board in its white paper but watered down the power and independence of

there was no repetition of the

Disease link with meat 'inconclusive'

By Clive Cookson, Science Editor

government-funded study released yesterday shows an apparent link between eating meat and Creutzfeld-Jakob Disease, the human equivalent of BSE or "mad cow disease" But the researchers said the

statistical association was almost certainly a result of the way the study had been done rather than evidence that meat consumption could cause CJD.

The annual report of the CJD surveillance unit in Edinburgh said the number of CJD cases in the UK fell from 55 in 1992 to 40 last year after rising for

the three previous years. Statistical analysis of the cases showed no occupational link. People working with animals were no more likely than others to develop CJD.

CJD victims were more likely than matched control subjects to have been regular eaters of meat, particularly veal. Dr Robert Will, the unit's director, attributed this finding

to "recall bias". He said the only way of learning about CJD victims' diet was to ask their relatives, who inadvertently exaggerated the amount of meat eaten because there had been publicity about a possible link between BSE and CJD through beef or veal consumption.

To support the "recall bias" theory Dr Will said there was a similar excess of veal eaters among people who were suspected of having CJD when their relatives were asked about their diet but who actually turned out to have died from Alzheimer's Disease and other forms of dementia.

The study concludes: "There is no conclusive evidence of any chance in CJD that can be attributable to BSE."

It says the apparent increase in CJD since the 1970s has been caused mainly by the fact that the disease is being recognised in people over 75 who would previously have been diagnosed as having senile

veryone

By Ralph Atkins

Bankers prepare to scrap the grouse shoot

Shares in UK investment banks slid this week after warnings from S.G. Warburg and Hambros Bank that first-half profits would be sharply lower. Wall Street is braced for US banks' third-quarter results to show sharp earnings falls. Bronwen Maddox and David Wighton ask whether Warburg's strategy is to blame for its situation, or whether it reflects a downturn in investment banking fortunes

this week to be discreet about taking pleasure in its discomfort. One leading London banker said: "I don't want to be seen to criticise them, because it could be us next."

That question - whether the UK's biggest investment bank is simply the first of the pack to acknowledge the impact of difficult conditions - is at the forefront of bankers' minds.

This week's announcements startled the markets because they came just months after City and Wall Street houses doled out glittering bonuses. After years of belt-tightening bankers as well as proprietors of wine bars, estate agents for the most fashionable parts of London and Manhattan, and even the sporting agents for grouse shooting in Scotland had started to believe the good times were back.

They are not the only ones concerned about the prospect of another lean period.

Banking regulators have been casting an increasingly sharp eye on banks' exposure to risky activities. A new directive on capital adequacy - the amount of capital banks are required to have in proportion to their level of activity - has nerged from Brussels. In the US the Federal Reserve is considering if banks' exposure to some of the riskiest financial instruments should be more tightly monitored.

In Warburg's case it is clear that some of the disappointment stems from its own circumstances. To a much greater degree than its UK rivals, it has modelled itself for the past seven years on the US integrated investment banks, offering a range of trading services as well as fee-based advice to its clients. Its ambitious expansion, particularly into the US, has pushed up costs, but reve nues in some regions have followed more slowly.

While it has established a strong reputation for research and equity sales on Wall Street, particularly for selling non-US stocks to US investment houses, it has found it son, will have suffered corremuch harder to peel prized correspondingly less. porate clients away from the blue-chip US houses. One Wall Street observer from a rival house attributed this to Warburg's "British, gentlemanly" approach, although Mr Nick Verey, chairman of Warburg Securities, retorted that the US operations are staffed mainly

He said rising costs played only a small part in the halfyear downturn, and instead blamed most of the fall on the turbulence in world bond markets since the Federal Reserve began to raise US interest rates

Some observers believe Warburg may have suffered from

'You do not tear up the script after a few difficult months'

its relative inexperience in large scale trading. Mr Martin Hughes, banking analyst at Credit Lyonnais Laing, said: "I think we will see that the banks that are losing money are those that are less familiar with risk control methods."

That is an argument which Mr Verey rejected. "It is not the case that we have lost large sums on trades, just that we have not been making enough profit." He added that he was satisfied with the riskmanagement systems on which the bank spent millions of

His argument that Warburg's troubles reflect a wider phenomenon is borne out by Hambros' report of a deterioration in profits in bond trading during the first half. Analysts expect that other UK investment banks which have traded on a smaller scale than Warburg, such as Kleinwort Ben-

The pattern is repeated in the US, where the biggest trad-ers have suffered most. Goldman Sachs' profits are believed to have fallen from \$1.2bn (£750m) to \$446m in the six months to May 27 because of a fall in bond trading income. First-half net profits fell 44 per cent at Morgan Stanley, 28 per cent at Bankers Trust and 19 per cent at J P Morgan. Salomon Brothers recorded a firsthalf loss of \$138m.

At first glance many of these banks appear to have suffered less than Warburg, even though they are larger traders. Nor do they enjoy as healthy an injection of profits from asset management as Warburg does. Timing is partly to blame, however. Most US banks have so far reported only on profits up to June. whereas Warburg's warning covered July, August and September, when trading volumes shrivelled.

Analysts fear that thirdquarter results from US banks, just starting to trickle out, will show a further plunge. This week Salomon announced that its third quarter would show an after-tax loss of \$100m, and last month Lehman Brothers, which announced that it was cutting free lunches for its staff, saw third-quarter profits plunge 80 per cent to just \$22m.

As many bankers stressed this week, trading is risky. Mr Verey said: "There is no perfect hedge against the risk you have to take a risk to earn a return." In spite of this collective suffering, however, there are no signs that leading integrated investment banks intend to rethink their strategy and reduce their exposure to They still hold to the princi-

ple that they need a strong trading presence in order to compete for higher-margin business of underwriting, placing blocks of securities, and giving corporate advice. But competition for big international corporate clients is

increasing, as demonstrated by the current scramble for a tion of Deutsche Telekom, the telecommunications giant. The result, one leading London banker said this week, was that investment banking would become an ever more volatile would be forced into increasingly risky activities, such as trading in derivatives.

That trend could deal a powerful advantage to the largest banks, which are better able to withstand the markets' volatility. Analysts warn that it could also put severe pressure on the smaller ones, such as Warburg. Mr David Poutney, banking analyst at brokers Collins Stewart said: "They [Warburg's] are just going to get killed in the US every time."

Although Mr Simon Leathes. Warburg group finance director, said that the bank was not constrained by lack of capital, it is clearly dwarfed by its US rivals. As the biggest of the UK merchant banks it has shareholders' funds of £1bn and total capital resources of £1.5bn. However Morgan Stanley, Salomon and Bankers Trust are about three times the size while J P Morgan's shareholders' funds are six times

Analysts predict that questions of capitalisation may eventually force some banks to merge and others to withdraw from the most competitive sectors. But for the moment radical strategic changes are unlikely. Mr Leathes said: You do not tear up the script after a few difficult months."

Some smaller tweaks to strategy can be expected. Warburg itself will look harder at whether some advisory work should be subcontracted to law firms, and at whether compet-ing for small company business is worthwhile.

For Goldman's part, its senior partner elect, Mr Jon Corzine, said recently: "There are lessons to be learned. You get overly optimistic in the bountiful environment of bull



The City of London's watering holes still seemed to be doing good business at lunchtime yesterday

markets. It was very easy in 1993 to think you ought to have a presence in every capital market in every major country in the world."

Some bankers are also reconciled to the prospect of job cuts. Mr Verey, who has announced a hiring freeze at Warburg, said: "We will look to

see whether people need to be replaced when they leave.' But in spite of these adjustments the message from both

sides of the Atlantic at the end of a sobering week was that the markets should not have been surprised by the news. When markets are tough. banks will suffer. In the course

of economic cycles their profits will fluctuate.

The markets may have forgotten those facts in the heady atmosphere of last year, but this week's news was a reminder that the path trodden by the world's sleek-suited cohorts of investment bankers

Sorrows drown in £50 bubbly

markets bearish, but the bub-bly was still flowing in the wine bars of London's financial centre this week.

There is champagne being drunk, and people are still here past eight on a weekday evening," said a Lloyd's reinsurance broker, who was certainly accurate about Corney and Barrow's wine bar in the City's Leadenhall market. "I think it is hard to look at two isolated incidents of Warburg and Hambros doing badly and suddenly say the entire City is nervous about its jobs."

He shrugged and poured a generous glass of champagne for his companion. "But I'm in insurance so I couldn't say how it is over in the big

At Broadgate Circle, the heart of the City's banking district, the mood in the watering holes was no less cheerful.

A trader at a Japanese bank quipped as he sank a beer: "If you think this is hopping, you should see the places where everyone has moved on to." He said the profit warnings

issued last week by S.G. Warburg, the investment bank, and Hambros, the merchant bank, appeared dismal only when compared with the previous year's performance. "Last year was not normal," he said. "The average person does not generate \$10m revenue a year, but now that he is only making \$2m, suddenly everyone says it's a tragedy."

If anything, the misfortunes of Warburg and Hambros elicited smirks rather than signs of anxiety. "They made their money too easy last year. said a trader in the structured finance department of Bank of Scotland, who was relaxing with colleagues at The Arbitrager on Throgmorton Street. "They made their money for

turning up at work." Under the influence of office sobriety, financiers admitted that the profit warnings could signal tighter times. A derivatives risk manager at J.P.Morgan said: "Last year it was easy to hire a mediocre risk manager because it was such an easy market to trade. What you will see after bonuses are paid is that a two-tier system will develop.

He said banks would continue to hire and pay "quality" people well but, he added: What I am hearing around is that people are getting rid of the bottom 10 per cent of performers as they are rated

internally." So is it curtains for ski holidays, Christmas bonuses and

magnums of champagne? The revellers at Corney and Barrow in Broadgate scoffed as they ordered more champagne. A trader at a UK bank said: "At the end of the day people who work in this industry make a lot more money than people in any other business. So if they have a bad day and do not make a million, it's not as if buying another bottle of Moet for £50 is going to be a

Motoko Rich

'Everybody is expecting less in bonus this year'

off-peak hours, the Under-

ground said, it managed to run

The union executive is to

meet on Monday to decide on further action. It has asked for

more talks at the Acas concili-

ation service, but London

Underground refuses to

increase its offer of a 2.5 per

The union has asked for a 4

per cent rise. Five other unions

representing Tube workers

have accepted the 2.5 per cent

company stresses that the 3.7

Pay and job cuts loom in the City after a week in which one US investment bank decimated staff and two UK houses issued profit warnings.

S.G. Warburg and Hambros said they were reviewing labour costs after warning that bond markets would depress first-half profits. Warburg is under particular pressure to economise - staff costs rose 40 per cent last year to give the average employee £105,000 a year, the highest of any UK house.

Bonuses, which can make half of an employee's compensation in a good year, are heading down. A fixed-income securities trader with five years experience could typically have made £100,000 last year, half in salary and half in bonus. A City headhunter said: "Everyone is expecting considerably less in bonus

Toyota

considers

expansion

Toyota, the Japanese car-

maker, is considering the

issembly of additional deriva-

tives of the Carina E family car

range at its Burnaston plant

near Derby, Kevin Done

The company is expected to

announce later this year that it

will assemble diesel versions of

the Carina range using engines

imported from Japan.
It is also considering the

expansion of the UK-built

The Japanese carmaker is

facing difficult conditions in

the west European car market

this year with its sales falling

by 4.1 per cent in the first eight

months in an overall market

at Derby

Cuts will not be across-the-board The manager of one US investment bank's London derivatives operation said: "Good people will get higher bonuses. There will be more dispar-

One crude forecast puts bonuses at US investment banks in London down between 30 per cent and 50 per cent from last year's lucrative year. The guaranteed bonus, a feature of recruitment negotiations in 1993, is now rare.

overheads enough and lay-offs are on the agenda. Both Warburg and Hambros have denied any intention of immediate job cuts. Sir Chips Keswick, deputy chairman of Hambros. said: "I am certainly not going to rush off and fire people at the wrong end of the cycle." Salomon Brothers of the IIS

By Richard Donkin, Labour Staff

London Underground ran

three-quarters of its train

services yesterday during the

24-hour strike by members of

the RMT union.

The union said last night

that it was unable to estimate

how many of its 7,500 members

at London Underground had

London Underground was

able to staff most of its ser-

vices. Only one of London's 270

responded to the strike call.

S.G. Warburg has maintained its investment rating in spite of issuing a profit warning earlier this week. Standard & Poors, the US rating agency, has assigned its A+ rating to SGW Finance's \$250m guaranteed floatingrate notes due in 1998. The UK

which has suffered the heaviest reported losses in securities markets, has resisted lav-offs. But US investment banks such as Kidder Peabody, Lehman Brothers, Merrill Lynch and CS First Boston have announced lay-offs.

Goldman Sachs will not comment officially but insiders at the firm, until recently one of the most aggressive recruiters, speak of impending dismissals. An executive with a rival firm said:, "Goldman

investment bank won the renewed grading even after this week's profits announcement.

S&P's judgment allows Warburg to maintain its claim to be the only UK house with a rating to match those of the most strongly capitalised US investment banks.

would hire three people with the view that they would keep one, possibly hold on to another and sack The shake-out at US investment

banks bodes ill for employment in the City. Mr Patrick Alexander, partner at Korn Ferry, the executive search company, said: "It is like night following day that if people are being cut in New York there will be people eventually cut in London." Already CS First Boston has laid off 10 employees in London, as well as 70 in New York. Lehman Brothers is proud of limiting redundancies at its 1,650-strong London office to "single figures". Several City firms said there had been a burst of CVs arriving from nervous Goldman Sachs

Banks portray lay-offs as a reflection of the performance of the employee, rather than the fortunes of the bank. Most investment banks rate their employees and a decimation would involve sacking the weakest 10 per cent. A senior British investment banker said: "There are ways of doing it by aggressive quality control'

While employment in trading and sales of bonds is under pressure, other areas of investment banking such as derivatives and advice on mergers and acquisitions are health-

ier. A hopeful trader at a Japanese bank said: "They are still hiring people in derivatives.

US investment bankers set great store on training to enable staff to switch from one speciality to another as different markets rise and fall. But some feel there are limits to such flexibility. One derivatives salesman said brutally: People in derivatives are clever. People in fixed-income are generally

This year's tough conditions may, as in the late 1980s, push some peo ple not just from their current job, but out of the industry entirely. The ad of one US firm's UK operations said: "It is painful but it is just something that happens to our industry every two or three years."

Nicholas Denton

Underground achieves 75% | Rail company switches to buses

Transport Correspondent

One of the newly created train operating companies is to use buses for some services on one of its branch lines because of a

shortage of guards. North London Railways said the shortage was not the result of the break-up of British Rail. But its move has strengthened fears that small privatised railway companies will face operating difficulties because they

are unable to call on resources from other parts of the railway network. The train company initially

services on its Bedford to Bletchley branch line with buses so that it could assign staff to the main Northampton-London Euston services.

But yesterday it said it had reached an agreement for some guards to work 12-hour shifts instead of the more normal eight hours, maintaining a train service on the line for most of the day. North London was caught

out when 25 of the 97 guards at its Bletchley depot were successful in their applications to move to other depots. Guards sometimes wait

successful in his application he is allowed to move within eight weeks, although it can take 13 weeks to train a new guard from scratch.

The shortage of guards has

led to an increase in the number of train cancellations. North London said it had decided to concentrate guards on its main line, carrying 30,000 passengers a day, and to reduce its service on the branch line, which carries only

North London said that even under BR it would have taken time to retrain guards from

choice to come up. If a guard is other routes. But Mr Alan Francis, transport spokesman for the Green party, blamed the reduced service on privatisation, saying BR managers could pool staff in times of

> BR sald service reductions because of staff shortages were unusual, and the last time this happened was six or seven

North London said its temporary timetable involving buses would last until November 21, when it would resume a full train service.

It said 43 new guards had been recruited or were being

Rover counts up the benefits of surging productivity

ous two-year deal - giving up to a 10.7 per cent pay rise over two years - it may also become known as the benchmark for motor industry pay bargainers, at least for trade union negoti-

That role used to be played by Ford - most famously with its 13.4 per cent rise at the end that increased by 6 per cent. | of 1990. But Rover, with its

Part of the pay rise is a started only in 1992. This pay deal takes it a lot further.

Instead of 11 grades - six for white-collar staff and five for manual workers - there will be just three for all staff. The A grade will cover lower skilled manual and clerical workers, with average basic pay of

industry are sceptical about the benefits Rover has gained ferent sums for agreeing to these changes and some receive nothing at all. But the extra payments for this regrading accounts for the different interpretations of the deal. The

from its new deal. Many more of them - especially in the west Midlands - will be cursing the Rover Group for setting a high pay benchmark. The current Jaguar negotiations, for example, seem likely to be

But whatever the scepticism, When the company was in

remarkable productivity improvements. At Cowley, Oxford, for example, productivity has increased 30 per cent over the past two years. Overall productivity is up only 14 per cent in that period, but that is partly because of the difficulty in improving produc-

tivity at labour-intensive Land The Rover management can also point to the fact that they are paying wages according to

is doing well it is allowing a pay catch-up. In other words it is pay, rather than jobs, that is taking

most of the strain of market fluctuations. Since 1992 the company has stuck to its commitment not to make anyone compulsorily redundant. Notwithstanding that commitment the company has still had some flexibility, with a reduction of nearly 10 per cent in employee numbers between 1991 and 1993.

other carmakers, Rover has been taking people on month pay freeze. Now that it open-ended contracts rather than temporary contracts.

One economist with a leading employers' organisation sald: "When productivity is rising as fast as it seems to have been at Rover, then both work ers and customers can benefit in the past in the motor industry productivity deals have either been bogus or most of the benefit has simply returned to the workers with little or nothing going to cus-tomers in lower prices."

range of saloon and hatchback cars with the addition of an estate car. Toyota is expected to add a Since 1992 when Rover Group agreed its "new deal" - giving second car range to its UK pro-David Goodhart assesses the pay deal which may set a motor industry benchmark duction operations in the second half of the 1990s, increasworkers job security and single status in return for much surging output and exports, is £284.50 per week. The B grade per cent pay rise in 1995 and 4 Rover can point to some trouble in 1992 it had a sixing capacity to 200,000 cars a per cent (or inflation) in 1996 year. Output is expected to be greater flexibility - it has been now challenging hard. will cover skilled craftsmen nearly 90,000 cars this year and hailed as a model for Britain's and more qualified white-collar while the unions insist that for direct consequence of the 1992 to rise to about 100,000 next new co-operative industrial staff such as accounts clerks, many people the deal is worth relations. deal. The introduction of single with average basic pay of Many managers in the car Toyota expects to sell about Following yesterday's generstatus - the ending of all sta-£311.85. The C grade covers tus distinctions between blue 110,000 Carina E cars in all verteam leaders and design engisions in Europe this year, of neers, with an average salary and white-collar staff - was which about 80 per cent will be of £17.957. built in the UK. Different groups receive dif-

service in spite of strike

and that reopened at lunch-

The worst effect may have

been in low passenger volumes and lost revenue because many

people who normally travel by

Tube made alternative

arrangements. Underground

managers were unable to give

passenger figures. On an aver-

age day there are about 25m

passenger journeys on the

occurred during rush hours. In

The greatest disruption

Tube system.

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NEWS: THE LABOUR PARTY IN BLACKPOOL Modernisers cap the party with a jazzy end

Few believed a Labour party conference would ever end like this. Delegates stared in disbelief as a team of colourfully clad musicians burst through a side entrance of the Winter Gardens, sauntered up to the platform and proceeded to pump out New Orleans jazz.

Before they prepared to sing the Red Flag, Mr Tony Blair's party clapped along to the Dixleland numbers. And to cap it all, Mr John Prescott, the deputy leader, executed a neat jive with his wife on the conference platform, receiving some of the loudest applause of the week.

As a historic conference drew to a close many delegates were delighted to see Mr Blair's "New Labour" party openly enjoying itself, match-

ing the Tory reputation for joie de vivre, looking to viewers at home like a member-friendly party.

But for many leftwingers the images at this conference - the greenish backdrop, the questioning of Labour's basic beliefs, the leader's smart-suited aides clutching portable telephones - have left a sense of

With Dixieland music still ringing in his ears, Mr Leigh Richman, a 26-year old delegate from Peckham, asked a question that has been on many lips this week: "Where on earth is the Labour party going?" As they hurried to leave Blackpool

yesterday it was the so-called "modernisers" - the men and women who back Mr Blair's campaign to unhinge Clause 4 and the commitment to common ownership

Yes, the delegates' decision to reassert the cherished commitment to nationalisation had been a setback for Mr Blair. The conference

had defied his call for a revision of the constitution and had brought his post-election honeymoon to a close. But this did not reduce their delight that Mr Blair is now taking on the dinosaurs of the left.

Mr Mike Gapes, MP for Ilford North, said: "I left last year's conference with pessimism. I felt then that we weren't progressing anywhere. Now I believe we are moving forward and changing the party for the

Mrs Anne Inelgrove from Brack-nell concurred. The conference decision to back Clause 4 could be ignored. "Without that row, people

- who had the clearest answer. would have said the conference was stage-managed," she said. "But the truth is that most of the party is now reconciled to change."

Above all, Mr Blair's supporters relished the quality of his keynote speech. One delegate said: "When Neil Kinnock addressed conference, you could often fall asleep, wake up again and find he was on the same theme. This week we got John F.

Kennedy. For the activists on the left of the party it was very different. As they prepared to go home the anger over Clause 4 had not been allayed. Mr John MacIntyre, president of the Manufacturing and Science Fed-

eration said: "Tony Blair made a tac-tical mistake by raising the issue. There was simply no need for him to make that reference in the speech."

find. "A disastrous week," was the verdict of Mr Bill Stevens from Plymouth and Sutton, Mr Tom Farnhill, a 20-year-old delegate from East Devon, said: "He couldn't have chosen a worse time to raise this issue." Another delegate said: "In the next

few months this could seriously split

the party." As he sets about revising the constitution Mr Blair knows that he has the upper hand because the hard left of the party is losing ground. One leftwing MP said there were many like himself who believed that their best hope now was to take up the challenge Mr Blair had set them, redefining "common ownership" in a

modern context. He said: "Our slogan has to be: 'New Britain, New Labour, New

Indeed, criticism was not hard to Left." Like some delegates, he believed Mr Peter Hain, the MP for Neath, could play a prominent part in developing the theme.

But even some of the leader's closest supporters expressed concern that change was being driven too

One rightwing MP privately admitted that Mr Peter Mandelson, the party's former campaign director and a close aide to Mr Blair, had abused the unions too much at the conference and could sow divisions.

As they left Blackpool many delegates believed that next year's conference would bring this week's divisions - over Clause 4, the minimum wage and full employment - to a head. But they also knew that Mr Blair and Labour have set a formidable challenge.

Firmer line on media urged

The Labour leadership came under pressure from delegates to make a firmer commitment to break up media monopolies and introduce regulation guaranteeing the freedom of a

pluralistic press.

Ms Mo Mowlam, shadow heritage secretary, said while cross-media ownership was a fact of life, a future Labour government would "regulate both nationally and regionally to prevent media monopolics and protect the future of public service broadcasting".

A succession of speakers in the debate urged the leadership to go further and draw up a "clearer policy on media ownership".

Ms Maggie Lee, from North Norfolk, said: "If democracy means anything to Labour it democracy. We need to spell out where the party stands on this issue. We need proper newspaper regulation in an attempt to break up the monopolies."

The concentration of media ownership in Italy was cited by some delegates as an example of what could happen in the UK if the present situation was left unchanged. There were also calls to prevent "media barons" such as Mr Rupert Murdoch using profits from television interests to help cut the price of newspapers "to put others out of busi-

Bectu, the broadcasting union, said there was a need to preserve and promote European public-service broadcasting in the face of competition from weakly-regulated privatesector satellite television chan-

Ms Mowlam said the parliamentary Labour party would continue to campaign against moves to further deregulate the media industry.

Delegates overwhelmingly backed a call to reconfirm the party's commitment to publicservice broadcasting and to prevent any future moves to

Blair's control of executive is reaffirmed By Ivor Owen, reflected glory." Parliamentary Correspondent

Mr Tony Blair's authority over the party was underlined when the conference decisively rejected an attempt to reassert its own dominance over the national executive.

The growing isolation of his critics was emphasised when a card vote resulted in a resolution reaffirming the conference's "unique position" being defeated by 72.7 per cent to 27.3 per cent.

In the most controversial debate of the final session constituency activists loudly cheered complaints by some delegates that the views of the conference on the retention of Clause 4 in the party's constitution were being ignored.

Ms Christine Bowden, from Hove, protested that a motion passed by the conference on Monday had been "overturned" by Mr Blair when he called for a review of the constitution in his speech the following

She said: "Conference is our voice - listen to it Tony Blair. the trade unions.

Ms Bowden deplored the "setback for Blair" headlines earlier in the week when the conference narrowly voted in favour of retaining Clause 4. "Company directors don't describe shareholders' deci-sions a 'setback',"she said. To further applause, Ms

Bowden said that it was the constituency activists who did the "door stepping" and lived in the same world as the electorate with which the party had lost touch in recent

Ms Agnes Davies from Cumnock, Carrick and Doon Valley said: "I have no intention of coming to a conference when the decisions about what is going to happen have already been made."

In a clear response to the anxieties of some delegates. Mr Larry Whitty, in his final speech as the party's general secretary, urged the leadership to remember "you have to take the people with you". He highlighted the impor

tance of the party's links with



Deputy leader John Prescott said that the policy statement to be submitted to the national executive committee by him and Tony Blair would "ignite the public with enthusiasm for our beliefs". He added: "We will set out afresh our values and explain them in a language that everyone can understand"

Leaders lay plans for parliament

Political Correspondent

The Labour leadership left the Blackpool conference yesterday planning a radical overhaul of the party's parliamentary activities to sustain the momentum of Mr Tony Blair's modernisation drive.

Mr Blair, who believes that the conference has changed the nature of the Labour party, has told friends that he will refuse to "follow the government agenda" when MPs return to Westminster this month after the summer break. He believes Mr John Major's

government can be unsettled by more imaginative use of Labour's parliamentary rights, and better attendance by

The campaign will start with

team, including the shadow cabinet, to give talented vounger MPs more opportunity

But the focus will be on Mr Blair's performance at prime minister's question time, the twice-weekly ritual intended to allow MPs to hold Mr Major to

Mr Blair believes he can rattle Mr Major by avolding the formulaic approach of most recent opposition leaders in favour of a more unpredictable

strategy. Allies say he intends to illuminate Labour's political approach rather than merely seek to exploit government embarrassment on topical

Mr Blair may also decide to ask a single question occasionrepetitive ration of three to which custom entitles him. The change of parliamentary

tactics is part of a series of measures intended to put fresh life into Labour's image, which party strategists believe has put off voters.

The revised approach was signalled as the conference drew to a close and Mr John Prescott, the deputy leader, promised that the leadership would "put a smile on the face of our politics".

As delegates prepared for the ritual singing of The Red Flag - assisted this year by printed songsheets to avoid embarrassing stumbling over the words -Mr Prescott called for an end 'dreary meetings" attended by half a dozen members.

bership from 290,000 to 500,000 in two years he told delegates: "There is more to Labour than composites and committees." In a witty speech largely

delivered from notes - unlike his barnstorming end of conference speech on one-memberone-vote last year - he told delegates to "stop speaking the language of the past and start practising the politics of the future".

Mr Prescott warned against complacency, but said the Conservatives were "running scared" of a Labour party which had learned its lessons and was again hungry for

Tony Blair is leading a party which is reaching out to people and inspiring them with a new politics," he said. Launching a recruitment

Delegates

remember

Mr Larry Whitty, party secretary, urged delegates to "remember your history". He said in his last speech to

a party conference as genera

secretary: "Remember the his-tory of the broader Labour

movement and the trade union

movement. Remember those

people who through the bad

vears have voted for you

through bad times and through

"And remember that in prog-

ress in life and in politics you

have to take the people with

you. And in that context let us

always remember that the

trade union base of this party

is its greatest strength and not

People did not join the party because of what was said at conference or because of a slogan or a logo, said Mr Whitty. They join because they are angry. They join because they want change. And we can redraft our aims and constitutions as much as we like - and I believe we should. But the essence of this party is that it stands for radical, redistributive change within our soci-He warned that the party and the unions had to move together "otherwise we fail

good.

its weakness."

urged to

history

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Country Postcode Sign here only if you wink to receive a regular copy of The International.	5 Distribusion/Hotels/Catering 6 Extraction (Oil_minerals, etc) 7 Manufacturing/Engineering 99 Other (Please state) Age	6 Proclous Metaboligams 7 Unit Trusts/Mutgat Funds 8 Other International Investments 99 None Which of the tellowing do you have?
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	Market cap. as at 30/9/94 (Em)	% of All- Share index	Market cap. 23 at 30/6/94 (2m)	% of All- Share Index	Market cap. as at 31/12/93 (2m)	% of All Share ind
FT-SE 1001	498,500.00	71.31	478,200.00	71,20	563,284.99	73.08
FT-SE Mid 250†	149,100.00	21.33	144,300.00	21,47	157,510.89	20.81 18.63
FT-SE Mid 250 ex. knv. Trusts†	132,700.00	18.98	128,500.00 622,500.00	19.13 92.67	141,007.03 710,795.87	93.89
FT-SE A 350†	647,800.00	92.64 7.36	49,200,00	7.33	48.244.70	6.11
FT-SE SmellCapt	51,400.00 43,400.00	6.21	41,600,00	6.18	38.091.74	5.03
FT-SE SmallCap ex Inv. Trustof FT-SE-A ALL-SHARE	899,043.85	100.0	671,697,40	100.0	757,040.57	100.00
10 MINERAL EXTRACTION (18)	62,185.63	8.90	80,088.15	8.95	59,939.30	7.92
12 Extractive inclustries (4)	10.732.92	1.54	10,086.60	1.50	10,268.19	1.36
15 Oil, Integrated (3)	45.776.83	6.69	45,530.05	6.78	45,379.15 4,291,96	5.99 0.57
16 Oil Exptoration & Prod (11)	4,675.88	0.67	4,502.50	0.67		
20 GEN MANUFACTURERS (286)	140.954.30 6.088.92	20.16 0.87	140,705.31 8,400.80	20.95 0.95	146,208.27 8.582.48	19.31 0.67
21 Building & Construction (33)	20,468,93	2.83	20,276,63	3.02	23,199.21	3.06
22 Building Matis & Merchs (32)	16.846.08	2.41	16,381.64	244	15,921.21	2.10
23 Chemicals (23)	34,261,84	4.90	38,058,37	5.37	37,842.39	5.00
24 Diversified Industrials (16) 25 Electronic & Elect Equip (34)	15.268.83	2.18	15,121.78	2.25	16,800.06	2.22
26 Engineering (70)	25,738.37	3.68	25,058.52	3.78	25,359.15	3,35
27 Engineering, Vehicles (12)	6,752.01	0.97	6,270,48	0.93	5,633.06	0.74
28 Printing, Paper & Pokg (26)	11,397.08	1.63	10,912.83	1.63	10,198.33	1.35
29 Textiles & Apparel (20)	4,132.24	0.59	4,226.48	0.63	4,690.36	0.62
30 CONSUMER GOODS (97)	128,477,13	19.38	121,006.75	18.01	140,676.26	18.58
31 Breweries (17)	12,978.47	1.86	12,644.50	1.88	13,727.31 26,737.08	1.81 3,53
32 Spirits, Wines & Ciders (10)	24,996.99	3.58	24,202.76	3.80	27.007.08	3.57
33 Food Manufacturers (23)	25,043.75	3.58	23,266.98	3.46 0.48	3,599,94	0.48
34 Household Goods (13)	3,080.75	0.44	3,194.86	0.66	4,769.93	0.63
36 Health Care (21)	4,809.49	0.69	4,459.43 40,914.42	6.09	47,798,19	6.31
37 Pharmaceuticals (12)	44,108,75	6.31 1.82	12,324,00	1.84	17,036.73	2.25
38 Tobacco (1)	13,452.93					
40 SERVICES (221)	138,555.32	19.62	135,219.92 7,285,11	20.13 1.09	148,426.99 7.663.22	19.61 1.01
41 Distributors (31)	6,967.76	1.00 2.60	17.685.52	2.63	16,972.18	2.24
42 Leisure & Hotels (25)	18,182.58	3.73	24,571.83	3.68	26,892,79	3.53
43 Media (39)	26,112.46	2.94	19,155.08	2.85	20,339,98	2.89
44 Retailers, Food (16)	20,549.50	5.52	38,750.38	5.77	44,786,57	5.91
45 Retailers, General (45)	38,566.55 9,279.07	1,33	9,140.12	1.36	10,045.12	1.33
48 Support Services (41)	17,779.29	2.54	17,526.19	2.61	20,211,21	2.67
49 Transport (16) 51 Other Services & Business (8)	1,118.51	0.16	1,105.69	0.16	1,715.94	0.23
	95.018.10	13.59	87,972.28	13.10	108,572.24	14,34
വെസ്ഥടെ (39)	30,769.94	4.40	27,552.08	4,10	31,690.04	4,18
62 Electricity (17)	13,407,64	1.92	12,090.95	1.80	15,311.37	2.02
64 Gas Distribution (2) 66 Telecommunications (4)	38.200.91	5.46	37,300.34	5.56	47,394.35	6.26
68 Water (13)	12,838.21	1.81	11,028.91	1.64	14,178.48	1.87
69 NON-FINANCIALS (638)	565,188.48	80.85	545,002,41	81.14_	603.821.06	79.76
	107,718.07	15,41	103,491.93	15.41	128,834.41	17,02
70 FINANCIALS (104)	59,418.90	8.50	56,841.91	8.46	73,656.04	9.73
71 Services (10)	14,386.01	2.06	13,450.46	2.00	17,687.01	2.34
73 insurance (17) 74 Life Assurance (6)	9,756.72	1.40	9,365.17	1.40	11,549.36	1.53
75 Marchant Banks (6)	4,647.77	0.66	4,360,25	0.65	5,600.90	0.74
77 Other Financial (24)	5,659.85	0.81	5,424.27	0.81	5,761.46	0.76
79 Property (41)	13,847.02	1.98	14,049. <u>87</u>	2.09	14,579.64	
90 INVESTMENT TRUSTS (124)	26,139.30	3.74	23,203.08	3.45	24,385.10	3.22
89 FT-SE-A ALL-SHARE (886)	699.043.85	100.00	671,697.40	100.00	757,040.57	100.00

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday October 8 1994

Prudence redefined

The uncomfortable condition known to economists as structural adjustment is, it seems, to be visited on the hapless man from the Pru. From next January, the giant of the British life assurance busiss will cease to sell new 'industrial branch' policies - the techni-cal description for door-to-door home sales of life assurance. Since industrial life policies are an expensive and largely anachronis-tic form of saving in the world of fax, phone and direct debit, the change is overdue. But it is a piece or social history for all that. The step also raises the question of why savings habits have responded so slowly to a changing economic environment

Industrial life assurance has that the man from the Pru and his ilk took a disproportionate bite out of the individual's savings before any money was actually invested. In the days of Victorian paternalism, this financial penalty arising from the need to remunerate the sales force was perceived as an antidote to working class fecklessness. Money ill-spent on a poor form of insurance was at least better spent than money in the pub. The man from the Pru was, in effect, selling the financial equivalent of cocoa.

The fact that this technically inefficient - and latterly tax inefficient - practice survived into the prosperous 1990s must owe a great deal to the lack of transparency in the life assurance business itself. In the absence of adequate disclosure about the costs of a given policy - a deficiency now being addressed under the new financial services regime -less sophisticated savers had no reason to believe that they were substantially worse off than if they had invested elsewhere. Inflation, meantime, made the returns sound generous in relation to the money outlays over a lifetime of saving. In fairness to the insurers, it should also be said that the high level of investment returns in the postwar period helped mitigate the pain arising from the insur-ance companies' costs.

Financial penalties Industrial branch business is

now so small that if the whole of the insurance industry were to abandon it tomorrow, it would make little difference to the aggregate savings behaviour of the nation. But that does not mean that the less well off in the late 20th century are not subject to comparable financial penalties. As a recent paper on the distribution of wealth from the Institute for Fiscal Studies confirmed, less well-off households have invested disproportionately in interest-bearing accounts with banks and

building societies. Since these are the most heavily-taxed forms of wealth, it is the state rather than the insurance companies that now fills the role of predator.

This is just one indication of how strangely the taxation of savings fits with wider priorities. Another is the way that the savings of the better off have been biased by fiscal incentives towards illiquid, longer-term forms of investment such as home ownership and pensions. Despite growing labour market insecurity and disinflation in the housing market, the retreat from liquidity in savings remains pronounced.

Savings behaviour

Do such apparent imbalances matter? Perhaps not as much as they used to, in a macro-economic context, since surpluses and shortfalls of savings can now be readily made good in a world of global capital flows. Yet governments inevitably worry about the impact on their finances of underprovision by individuals for retirement and misfortune. And there are political arguments in favour of increasing people's stake in the productive assets of the economy. For private individuals, the bal ance between the precautionary motive for saving and the need to smooth out income to meet different consumption requirements over the course of a lifetime clearly does matter considerably. The case for tax neutrality between spending today and spending tomorrow is thus very powerful.

Yet economic shocks are quite as important as fiscal sticks and carrots in changing savings behaviour. It was the great inflation of the post-war period that drove the British into one of the highest levels of home ownership in the developed world and into taking on what is now the highest level of mortgage debt to housing equity in living memory. And while fiscal incentives contributed greatly to the growth of the life assurance industry, it is the regu-latory shock of disclosure that now seems likely to put an end to the industrial life assurance business, while causing an important if less dramatic upheaval in the forms of other of savings on which

The Prudential salesmen will not, admittedly, hang up their hats quite yet. There is an existing portfolio of policyholders to be serviced. And there are other jobs for these salesmen to do within the Pru itself. To that extent, the blow of structural adjustment is cushioned. But what of pride? As of yesterday the man from the Pru has been reduced to the status of an inefficient delivery system. That's the 20th century for you.

insurers rely for their revenues

far away as Blackpool the ministerial hand-wringing in Whitehall. Mr Tony Blair achieved mething rare this week. For the first time since 1979, a Labour leader set the terms for the Tory

As Mr John Major contemplates his week in Bournemouth, he knows his performance will be judged against the powerful debut of his Labour opponent. Mr Blair reached out beyond his party's activists to the disaffected Tory voters who will decide the next general election. Mr Major must begin to explain why they should return to

the Conservative fold.

This should not be a crisis conference for the prime minister. Unusually since the sterling debacle on Black Wednesday, there is no imme-diate threat to his leadership. The economic recovery is real and wellbalanced. For the moment, he has papered over the cracks in his party

over Europe. So, fingers crossed, next week will be, as was always planned, a sedate affair: a mid-term stock-taking exercise with no grand pronouncements, no great visions. Facing an audience still badly bruised by recession and angered by rising crime rates, the message has gone out to ministers to avoid any hint of triumphalism.

After his performance in Black-pool, there will be no real attempt to demolish Mr Blair. The voters are fed up with the politics of knocking; more seriously, ministers have yet to discover a credible line of attack

The message Mr Major wants to repaint on his government's peeling shop front is one of quiet, gritty competence. Don't worry, it says to those disillusioned Conservatives, we will arrive before the election.

The prime minister's image-makers are taking a similar tack in rebuilding his reputation with the voters. No, he is not a towering political figure in the mould of his predecessor. But look at how he gets things done.

He has taken hard decisions on the economy; and they are paying off with low inflation and steady growth. He has taken risks in Northern Ireland; and there is the best hope of peace for 25 years. He has stood up for Britain against the hated bureaucrats of Brussels; and he will do again at the 1996 intergovernmental conference.

The safety-first approach is understandable. Conservative Central Office has spent the past month quizzing disaffected supporters. The voters are unconvinced by the real-

long-serving conserva-Swindon, is not a melodramatic man. But as he surveys middle England this autumn, his verdict is that something strange is afoot.

"The government has a big problem," he admits. "All the yardsticks by which we used to measure the economy have changed, and people just don't feel wealthy or good any more.'

The failure of the feelgood factor to return with economic growth is troubling the Conservative party as it assembles for its conference next week. An internal inquiry has been launched into the government's low popularity, led by Mr John Maples, one of the party's deputy chairmen. He insists the despondency will lessen in time.

But two years into the recovery, the message from Swindon is not vate sector housing development.

Tony Blair has ensured that John Major cannot win the next general election by default, says Philip Stephens

An instinct for the centre

ity of economic recovery. This is at upturn in which their disposable income is falling, not rising. So are house prices. And there are more tax increases to come.

The electorate shares traditional Tory values on law and order and education. But it judges the govern ment is not delivering safety on the streets or high standards and discipline in the classroom.

Nor are the voters keen on the idea that the new breed of highly-paid bureaucrats in the national health service spend more time furnishing their executive suites than improving patient care. It is no accident that Mr Michael Howard, the home secretary, and Mrs Virginia Bottomley, the health secretary, are among the nation's

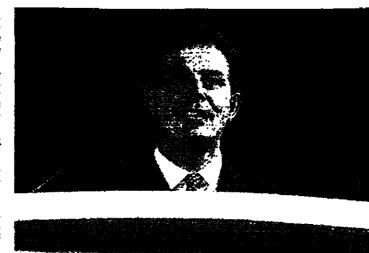
least popular politicians.

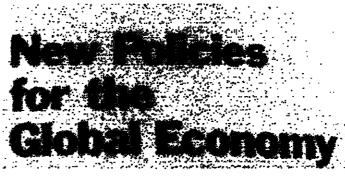
All of this is perfectly clear to anyone who strays occasionally into the world of real people. But politicians only believe the obvious after they have paid huge sums to dis-cover it from the opinion pollsters. Mr Major's theme - assuming

that he has not ripped up his speech entirely in the wake of Mr Blair's appearance in Blackpool - will be security.

The voters of middle England are troubled by a changing, harsh and competitive world. The middle-class life plan, the bedrock of Tory support in southern England, is threat ened by the pace of technological change, by a cash-strapped welfare state and, above all, by an insecure employment market.

The government's answer is the promise of a steady, sustainable recovery instead a return to boom and bust; a deregulated economy that allows Britain to keep up with world competition; and, when Mr Kenneth Clarke judges they can be afforded, all-important tax cuts. It is an approach that most in the cabinet bave signed up for. Mr Clarke, still hankers for another





New Labour: Tony Blair has reached out to disaffected Tory voters

burst of radicalism, but the consolidators have the ear of No 10 Downing Street. The one controversial announcement scheduled for next week - privatisation of the Royal Mail - has now been delayed until the Tory faithful return home. There is nothing much now that the Conservatives can do to rewrite the script for Bournemouth, though

plenty of ministers will spend the weekend sharpening up their speeches to dispel any hint of complacency. But a strategy tailored to the pressures of the party conference will not be enough to counter the threat from Mr Blair. The opposition now has a leader with the authority and the intellect to take on the Con-

servatives in the battle of ideas. Sure, his party still has the capacity to shoot itself in the foot (though in the 1980s it tended to aim the gun at its head). Conference aim the gun at its neath. Contactings defeats this week on Clause IV pub-lic ownership and defence will give ministers much-needed ammunition

in Bournemouth. But Mr Blair knows where he is But Mr Blair knows where he is going: into the political centre ground. Labour is to represent the aspirant classes. For all the talk of modernism, what he is doing is reconnecting it to its traditional roots as the party of opportunity. The voters who elected Mr Clement Attlee in 1945 and Mr Harold Wilson in 1964 were won over not by dewy-eyed socialism but by the promise of a brighter future.

The prime minister's view that the anxieties of middle England will be the most potent force at the next general election is shared by the Labour leader. The difference is that Mr Blair judges that the electorate's instincts have shifted back towards the centre. The individualism of the 1980s has become the insecurity of the 1990s.

t was no accident that in Tuesday's speech Mr Major was not mentioned by name; nor for that matter were Mr Clarke or Mr Douglas Hurd. Mr Blair's targets were the embat-tled Mr Howard and Mr Michael Portillo, the standard-bearer of the Tory right. Forget Labour's left-wing past, the Tories are the extremists now, he was saying.

There are flaws. It was easy to detect in the speech the tensions between his embrace for the market and the romanticism of Old Labour, easier still in the speeches of shadow cabinet colleagues. He will face serious internal battles over tax before the next general election. To watch Mr Blair up close

though is to understand how determined he is that New Labour will win. He has already in his back pocket a draft of the new statement of aims and values that will replace Clause IV. He is thinking ahead in a way that Mr Neil Kinnock was never allowed to and Mr John Smith never felt inclined to.

Mr Major is not lost. The govern ment might yet recreate itself as the guardian of security in a changing world. Put another dash for integra-tion by Britain's European partners alongside Labour's plans for devolution in Scotland and Wales and you can see the possibility of a campaign built around defence of the (British) Union.

But one thing is clear: 1992 was the last election the Conservatives will win by default.

Middle England's malaise

Gillian Tett on the despondency undermining Tory support

simply that the feelgood factor is elusive but that there is little likelihood of a rapid change in mood. On paper, Swindon is a manufac-

turing success story. In the late 1980s, the local economy grew fast as companies such as Honda, the Japanese car maker, opened factories locally. Growth faltered with the recession in the early 1990s, but its economy is expanding again.

Unemployment, which rose from 4 per cent in the late 1980's to 9 per cent in 1992, has fallen back to 6 per cent. The town's retailers detect modest sales growth. And 10,000 homes are being built in what will be Europe's largest pri-

But, says Mr Geoff Teather, editor of the Swindon Evening Advertiser, "nobody is really thanking the government".

Tax increases such as the imposition of Value Added Tax on domestic power have been introduced gradually, adding to consumer uncertainty. But, says Mr Bawden, the housing market is the real culprit for Middle England's malaise. Flat house prices have not only left the town with myriad tales of negative equity but forced many middle class residents to re-evaluate financial strategies.

David, a 36-year-old project planner, for example, bought a house five years ago for £140,000. He tried, and failed, to sell it for about £120,000 last year. "In the 1980's, people like me thought if we had spare cash we had to get on the housing ladder and keep borrowing and moving up. But now that's ended. We have had to look at our salary again and think a lot harder

about saving." Few people expect an early end to this malaise. Mr Russell Cleveriey, of developers Hannick, says that, although the market picked up at the start of the year, it has stalled again. He blames the end of fixed rate mortgages, a crucial marketing tool in a time of low economic confidence. "I was thinking of buying a place for my children, but I

won't now they have withdrawn the fixed rate." There is no shortage of jobs

locally. Indeed Mr Andy Cable, of the Response Management mail order group, says he has recruit-ment problems as he prepares for Christmas demand. But the part-time, flexible jobs he is offering have only limited appeal. "You can get temporary jobs, but there is really not much proper stuff around," says Miss Ann Whitfield, who recently found a job as a receptionist.

Yew people in Swindon are yet predicting the three Conservative MPs in the area will be ousted at the next election. But as Mr Teather of the Swindon Evening Advertiser observes: "Labour is reemerging just as these economic changes are happening. Mr Tony Blair must be hoping that people in Swindon could turn out to be his children of tomorrow."

MAN IN THE NEWS: Francesco Saverio Borrelli

Milan's smooth Machiavelli

Berlusconi, the Italian media magnate turned prime minister, and the Milan judiciary has reached a point of no return. Both sides are on a collision course.

The script could not have been

dreamt up better in Hollywood: a prime minister whose business empire is under investigation for corrupt practices seeks to incrimi-nate the very judicial authorities who are investigating him.
The Rubicon was crossed this

week when Mr Francesco Saverio Borrelli, the Milan public prosecutor and the figure behind the anticorruption investigations of the past two and half years, decided to discard his normal caution. In an explosive newspaper interview on Wednesday, he warned Mr Berlusconi that the investigative net was tightening around him and his Fininvest empire.

if this was not enough, he insinuated Mr Alfredo Biondi, minister of justice, had behaved unprofessionally while defending a client in the collapse of the late Mr Roberto Calvi's Banco Ambrosiano.

In response, the five month-old rightwing coalition government endorsed a tough response, albeit with private reservations among some ministers. A formal complaint was lodged on Thursday with President Oscar Luigi Scalfaro, asking him as head of the higher magistrates' council, the Italian judiciary's governing body, to examine the case for disciplinary proceedings and prosecution against Mr Borrelli.

Mr Borrelli coolly joked about the prospect of prison: "I'm ready with my toothbrush and pyjamas." The 64-year-old public prosecutor could face a minimum jail sentence of 10 vears for undermining constitu-

But he clearly intends to hang on to the post he has held since 1987. "I don't even give it [resignation] a thought! Why should I leave the magistrature?" he asked. He has even postponed plans to apply for a promotion to head the appeal court in Florence, where this Neapolitanborn member of the judiciary has spent much of his career. Mr Borrelli has played a back-

stage role throughout the two and half years that Milan magistrates have made the headlines with their anti-corruption investigations. However, he is credited as the strategist behind the investigations - known as "Tagentopoli" (bribe cities) that have unearthed a pervasive system of bribes and illicit funding involving the nation's leading busi nessmen and politicians.

His discreet presence contrasts with that of public idol Mr Antonio Di Pietro, the investigative magistrate in Milan who in February 1992 broke the first "Tagentopoli" corruption scandal. Mr Di Pietro is blunt-speaking, flaunts his peasant origins and cares little about his clothes. Mr Borrelli is soft-spoken with fluent sophisticated language. Sartorially, his spare, stooping frame is always immaculately clad. While Mr Di Pietro is a computer buff and likes the occasional shooting foray with friends, for Mr Borrelli it is classical music, philosophy

been central to the Milan magistrature's success in exposing the accumulated vices of Italy's postwar political system.

Mr Borrelli has been content to

and horse-riding.
However, the partnership between this smooth intellectual with the grasp of Machiavelli and the industrious policeman with his gift for computer technology has



let his junior absorb the limelight, realising the magistrate had the kind of honest aura that could catch the public imagination. Thus it was Mr Di Pietro who, in the name of the Milan magistrates, went on television to announce their collective resignation in July in protest at plans by the Berlusconi government to introduce legislation to curb the judiciary's power of preventive detention. The government

Again, it was Mr Di Pietro who was delegated to attend the annual gathering of top businessmen at Cernobbio in early September at which he suggested the outlines of legislation to come to terms with the problems created by the corruption scandals.

But it was Mr Borrelli - in consultation with jurists and academics who orchestrated the legislation to deal with the huge backlog of corruption cases and the prospect of indefinite corruption investigations. The aim was to encourage those

who had paid bribes to come forward with generous plea-bargaining opportunities, and corresponding penalties for those who failed to confess within a specified time.

The move was squashed because the politicians objected to the Milan magistrature trying to usurp the lawmaking role of parliament. In retrospect, it was the refusal of the politicians to take up this olive branch that has accelerated the current conflict.

Mr Borrelli and his fellow magis trates knew their continued inquiries would affect many institutions - including the Guardia di Finanza, the financial police. They also knew the government could be damaged by the investigations into Fininvest, which risked leading to Mr Berlusconi and at least one other minister. As the pace of investigation has mickened after the summer break. Mr Berlusconi and his ministers have sought to challenge the behaviour of the judiclary. It is this that led to Mr Borrelli's now famous

Three possible reasons have been advanced by political analysts for his decision to go public with his warning to Mr Berhusconi. The first is that it was the angry reaction of the Milan magistrature against a prime minister whose government has failed to find a mutually satisfactory politico-judicial solution to end "Tagentopoli".

interview on Wednesday.

The second is that it was a move to unseat Mr Berlusconi and break up his Forza Italia movement to favour the ascendancy of the neofascist MSI/National Alliance, which has been courting Mr Borrelli and Mr Di Pietro.

But it is the third that seems the most plausible: it was a desperate attempt to head off government moves to stifle their inquiries. For Mr Berlusconi is now threatened with being ousted from office by those who opened the way for him to become prime minister in the first place by discrediting the old

Robert Graham

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Parachutists on a mission

with a tattered reputation, bloated costs, an over-inflated balance sheet and a trunk-load of esoteric securities that few

A contraction of the second se

people understand?
That is the question posed by other banks in response to General Electric's thinly veiled desire to jettison Kidder Peabody, its troubled New

On Thursday, the US industrial group took action to make Kidder a bit more saleable. Six months after it was rocked by an alleged multimillion dollar fraud (Kidder claimed its head government bond trader, Joseph Jett, had created fictitious profits of \$350m), the bank is undergoing an overhaul. The result will be a smaller and - GE hopes - more profitable bank.

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The overhaul is being conducted by two GE executives parachuted into Kidder in

Mr Dennis Dammerman, GE's own chief financial officer, and Mr Denis Nayden, a leading executive from GE Capital, its financial ser-

vices arm. For Welch. GE's chairman and chief executive, Kidder come not a moment too soon. Having paid \$600m for an initial 80 of Kidder in

1986 and ance of \$350m pumped in another \$800m in of profits after the Jett fiasco extra capital since then, Welch's judgment has met

with increasing criticism. Kidder's new bosses are attacking the problems at the bank on four fronts.

Under Mr Michael Carpenter, the chairman ousted in June as a result of the Jett scandal. Kidder had expanded its holdings of securities, pushing its total assets to \$106bn (£67bn) at the end of March. The bank had only about \$750m of capital to support these assets (the capital acts as a cushion to

ing around the world in the early 1990s, Kidder's vast securities holdings generated profits. The hank could underwrite an issue of new bonds, and hold the securities on its balance sheet for several weeks or even months as it slowly sold them on to investors. The downturn in bond prices since last October. though, put an end to the easy money days for Kidder, as for the rest of Wall Street.

Piling assets on a small capital base produced high leverage, or gearing, which increased market fears in recent months about the bank's financial stability. Other big Wall Street firms have about \$1bn of capital for every \$30bn-\$35bn of assets they hold, says Mr Michael Flanagan, a securities industry analyst at Lipper Analytical, the financial research firm.

Since March, Kidder bas shrunk its assets to \$80bn. This week, it said it aimed to bring the level down to \$50bp-\$60bn by the end of this year. More seems likely to follow. Mr Dammerman has said that he wants to bring Kidder's balance sheet leverage into line

ho would buy an with other Wall Street houses.

To achieve this means shedding assets unless he can persuade GE to pump in more capital (which is unlikely, as GE has already injected \$200m this year).

The new Kidder bosses' sec-

ond line of attack is to transfer \$6.7bn of esoteric securities, known as Collateralised Mortgage Obligations (CMOs). to an affiliate of GE Capital. Mortgage-backed bonds, and the derivative-type CMOs that can be created from them, have been the source of a large part of Kidder's profits in recent years. However, the rise in US interest rates this year and the corresponding fall in bond prices - has hit the CMO business particularly hard: buyers for the highly-structured securities have van-ished, making many of them

hard to sell or to value. Kidder has already sold off about \$10bn of CMOs since March. Shuffling the rest to June to salvage its reputation: GE Capital should remove a

big question mark over the bank relieve pressure on its balance third The

move by Dam-Nayden is to take an axe to Kidder's costs n an attempt to bring it back into profit – the bank is lost \$85m in the three months to the end of September. Among

per cent stake Jack Welch: his judgment other things, has been criticised the disappear-

revealed that Kidder's real profits were lower during Wall Street's good years than had appeared at the time.

The immediate target is to shed 10 per cent of Kidder's First, they plan to shrink 5,500 staff and reduce costs by the bank's balance sheet. \$100m a year. The bank has \$100m a year. The bank has said it will narrow the scope of its investment banking activities to a handful of industries. It is also expected to retreat from a number of business areas, such as some parts of its derivatives trading and foreign exchange activities.

Fourth, the new management has indicated that it could sell those parts of Kid-While bond prices were ris- der for which buyers can easily be found. The bank's 1.250strong force of retail brokers. for instance, is considered an attractive catch by several rival broking houses. With average annual commissions said by the bank to be \$425,000, Kidder's brokers are more productive than those at houses such as PaineWebber, which is contemplating an acquisition. Kidder's fund management business is also considered a candidate for

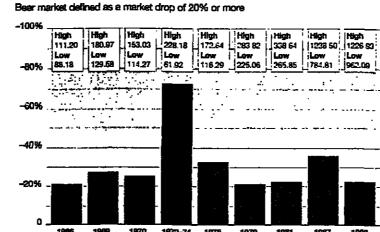
early disposal. Dammerman, meanwhile, has remained vague about whether what remains of Kidder would eventually be sold. Announcing the staff cuts this week. GE's chief financial officer acknowledged that outsiders would interpret such measures as an attempt to spruce up the bank for sale. That was not the immediate purpose, he added: rather, it was to put the hank into order.

What is undoubtedly true is that it will be a lot easier to sell what remains of Kidder once it has been slimmed down and refocused. GE will soon have the option of getting out of its disastrous excursion into Wall Street.

Good news is bad for shares

or the average investor in UK shares, the last couple of weeks have been one long bunger jump. Philip Coggan explains why London stocks are less than buoyant

FT-SE-A All-Share index: the bear years The FT-SE 100 Index has been bouncing up and down, recording a rise or fall of more than 25 points on



investors, in particular, were putting from the switch. According to Yammoney overseas, with many using money borrowed at historically low

The bubble burst in February 1994 when the Federal Reserve made its first upward move in interest rates. Although the change was small -from 3 per cent to 3.25 per cent - it caused a much larger shift in investor

If the Fed was tightening monetary policy, investors reasoned, maybe inflation was going to be a problem in the US. Furthermore, signs of growing economic recovery in Europe made investors worry about inflation and less confident about further declines in European interest rates. The rise in commodity prices added to the worldwide surge in inflation

expectations.

Those US investors who were speculating with borrowed money quickly tried to cash in their bond holdings to cut their losses. Bond prices fell sharply and stock markets suffered from the knock-on effect. The UK suffered more than most aichi International (Europe), 10-year UK gilts yielded 0.47 of a percentage point more than US Treasuries at the start of the year and 0.74 of a percentage point more than German bunds. Those spreads have since widened to 1.11 percentage points and 1.27 percentage points respectively.

f inflation is set to return around the globe, investors fear that its level will be higher in the UK, because of the country's past record. "People have been deeply ingrained with the view that it is always right to be pessimistic about the UK," says Mr Bob Semple, head of economics and strategy at NatWest

February's cut of a quarter of a percentage point in UK base rates, which came just four days after the Fed increased US rates, may have reinforced the impression that the UK was soft on inflation, and raised doubts about the strength of the UK's monetary regime. "It is clear that the Bank of England had its arm

twisted to agree to a rate cut in February," says Mr Semple. Since that February cut in rates,

head off inflationary pressures. But the markets have yet to be convinced that the UK authorities are in control, and remain pessimistic about the outlook for base rates. Futures markets indicate that traders expect base rates to reach around 6.7 per cent by year end, and nearly 9 per

the pace of UK economic growth has picked up, prompting the chancellor

to agree to a rise of half a percentage

point in base rates in September, to

cent by the end of 1995. So although economic growth, by boosting corporate earnings, ought to be good for the equity market, its benefits have been overshadowed by the rise in inflationary expectations. which have led to higher bond yields. For the international investor, the

news has been even worse. Sterling's decline this year means that, in US dollar terms, the UK market has underperformed every major European stock market except France. Is the poor performance of the UK equity market set to continue? This year's declines have removed some of the signs that shares were overvalued. The historic price-earnings ratio on the All-Share - the measure used by analysts to compare share prices to corporate profits - has dropped from a heady 25.8 in February to around

The dividend yield on the All-Share is a fraction over 4 per cent, below its long-term average, but well above the 2.8 per cent reached at the height of the bull market in 1987.

Furthermore, dividends offer a positive real return (they are higher than existed only rarely in the last 20

The yield ratio, a measure that relates the income return from long-term gilts to that from equities, is around 2.21, close to its average since 1976. According to Mr Ian Harnett, chief economist of Societe Generale Strauss Turnbull Securities, this can give investors some comfort since the last three severe market downturns have occurred when the yield ratio was over 2.5.

However, for the UK market to

recover, it needs to circumvent three obstacles. The first is the danger that inflation may accelerate, and the trade position may deteriorate, just as it has in so many previous UK eco-nomic cycles. The result will be sharply higher base rates and bond yields - more bad news for share

The second danger is that the government had already acted too hastily in raising interest rates, especially in view of the tax increases to come. The consequence is that economic growth, and corporate earnings, will slow in

The final risk lies across the Atlantic. The UK stock market has fallen further than the US, but many feel it is Wall Street and not London which is the anomaly. If further Fed tightening and a change of sentiment among US private investors causes a sharp fall in the Dow Jones Industrial Average this autumn. UK investors could be due for another bungee

The ultimate privatisation

he British Labour party conference was not the only place where people were arguing furiously this week about private versus public ownership. The international meeting on human genes in Washington DC was equally divided by debate over whether genetic information should be freely available in the public domain, or the private property of the researchers who patent it first.

six out of the last eight trading days.

Over the course of the year, the trend

has been more down than up; the

Footsie is now about 15 per cent down

By the standards of the last 30

years, it is still arguable whether this

is a fully-fledged bear market, or

merely a correction within a longer bull run. Since 1965, there have been

nine occasions when the FT-SE Actu-

aries All-Share index has fallen, peak

to trough, by more than 20 per cent,

with the long drawn-out decline of

1972-74 being the worst example. This

year's fall has yet to reach such pro-

portions. But there is a danger that it

might.
What may puzzle the small investor

is the background to the current gyra-

tions. The UK economy is looking

remarkably healthy; growth is set to top 3 per cent this year, underlying

inflation is low at 2.3 per cent, unem-ployment is falling and the trade defi-

cit is narrowing. In such conditions,

investors might reason, share mar-

kets should be rejoicing, not lament-

Furthermore, the most common

explanation for the declines in world

bond and equity markets this year is

the Federal Reserve's decision to raise

interest rates to slow the US econ-

omy. But if the US is the problem,

how come Wall Street is just 4 or 5

per cent off its all-time high, when the

Footsie is around 15 per cent off its

The answer to these riddles lies

partly in events in 1993 and partly in

what markets fear for 1995 and

Last year was an annus mirahilie

for financial markets. In the UK,

medium-term gilts returned around 23

Market buoyancy resulted from a

fall in interest rates round the world

that persuaded investors to switch

from cash into bonds and equities. US

per cent and equities 27 per cent.

beyond.

from its peak in February.

Each side claims that its favoured system will accelerate the application of genetic discoveries to human health, in the form of treatments and diagnostic tests for diseases from cancer to mental illness. Arguments over gene ownership have bedevilled biotechnology and medical research for several years. They are now reaching a new intensity, as scientists realise how much the private sector is coming to dominate the race to discover the 100,000 genes which control human development and sus-

ceptibility to disease.

The biomedical research leaders who launched the grandiose Human Genome Project in the late 1980s as a £2bn international effort to decode all DNA (the chemical store of genetic information) expected it to take about 15 years and to be funded largely by govern-ments. In fact biotechnology companies, in partnership with the established pharmaceutical industry, are spending more on genetics research than the traditional public bodies such as the US National Institutes of Health and the UK Medical Research Council - and, by taking scientific short cuts, they are producing results more quickly.

However, the debate is not simply between academic and

Clive Cookson on who should own human genes industrial researchers. Within

each group, opinions are divided on the merits of patenting genes, as two of the world's largest drugs companies, Merck and SmithKline Beecham, showed this week when they announced diametrically opposed policies on the issue. Merck said it would establish

a comprehensive database of genetic information to which everyone, including commercial competitors, will have open access. The company will cDNA sequencing. This fishes provide several million dollars for Washington University in St Louis, one of the top US Gene Index.

"This will facilitate progress in biomed- is needed at some C A T G ical research by reducing duplication of effort, speeding the identification financial incentive poetry book. Most sequences the identifica-

tion of diseaserelated genes and enhancing the probability of breakthrough drug discoveries," says Dr Edward Scolnick. Merck's head of research. Although the company's

announcement was couched in terms of self-congratulatory altruism, some competitors saw it as more of a spoiling move to make up for the fact that Merck had been slow to appreciate that genetic discoveries could transform pharmaceutical research. On the other hand Smith-

Kline Beecham, until recently one of the sleepier pharmaceutical giants, has moved astonishingly quickly to feed genetic information into its main-

stream research since linking up with Human Genome Sciences, the leading biotech company specialising in gene dis-covery, in May 1993. SB is paying HGS \$125m over 10 years for an equity stake and exclusive access to its private database, which already con-tains partial or complete DNA sequences of about one-third of

all human genes. The key to HGS's success is scientific short-cut called out from particular body tis-sues, such as the brain, pieces of DNA corresponding to genes genetics labs, to create new data for the so-called Merck library of gene fragments written in the four

Patent protection letters of the letters of the stage to provide rather like an index of first companies with a lines in a

 are distinctive enough for scientists to understand their meaning.

In Washington this week SB and HGS made clear that they had no intention of allowing others unrestricted access to the database, which they believe gives them a huge competitive advantage for future product development. At the same time they revealed the terms under which academic researchers would be allowed to use the database. The main condition is that HGS will have first rights to exploit any patentable discovery they make.
"The conditions that govern

access to these data should

preserve the incentive for the

private sector to invest the

interests of the public." Dr Michael Morgan of the London-based Wellcome Trust, the world's largest medical research charity, brought together all interested parties in a fringe meeting at this week's Washington conference, to try to work out a consensus

drugs and diagnostic products

to the market," says Dr William Haseltine, HGS chief executive. "Unalloyed dumping of

genetic information into the

public sector is not in the best

"The HGS/SB proposal may well be acceptable to academia though we shall have to study the terms carefully." Dr Morgan says. "But they are not giving access to the pharmaceutical industry, so there is enormous support from the other drug companies for a

Dr Morgan says his meeting agreed that Merck's proposal should form the basis of an open international effort to identify as many individual genes as possible and "map" the position of each gene on one of the 23 chromosomes that carry all human DNA. The mapping stage is essential for understanding fully how the genes work.

Glaxo, the largest UK drug company, would be happy to join in too, says Dr Barry Ross, research director, "if this can be developed into a full partnership between industry and academia, rather than something run by Merck with the Merck name on it". Everyone involved in genet-

ics research agrees that patent protection is needed at some stage to provide the financial incentive for companies to turn the science into products. The contentious question really is: at what point in the



R&D process should patents tile reaction from researchers take effect to end the sharing of public information and stimulate product development? SB, HGS and other biotechnology companies whose comnetitive advantage is in creat. ing genetic information want

patents to take effect as early as possible. Merck, Glaxo and other large drug companies believe that patents should not operate "until you have a genebased product to protect", as Dr Ross puts it. Academics' views depend

mostly on whether they are involved with biotech companies seeking to exploit genetic information. Last month's decision by the University of Utah and Myriad Genetics, a US biotech company, to patent their breast cancer provoked a hoswho said it would destroy future collaboration in the search for cancer genes.

Overshadowing the debate is confusion about the way natent law applies to genetic discoveries. Rulings by the US Patent Office and its European counterparts have been contradictory and not yet tested in court. It will not be known for many years what level of genetic information can be protected. Will it be a fragment of a gene, the full human gene, or the gene incorporated into a potential product?

Wherever the line is eventually drawn, it is already clear that the old academic ideal of open scientific collaboration unmotivated by commercial gain is as out of date as the Labour party's Clause 4.

Quick switch to the attack

From Sir Peter Wakefield. Sir. We are all entitled to change our opinions, but your art critic, William Packer, seems to have been persuaded to change his extraordinarily

quickly. In his account of the Jerwood Painting Prize ("Damned by lack of controversy", September 24) he attacks most vehemently the decision of the judges to award the prize to Craigie Aitchison. Yet only two weeks earlier he welcomed the purpose of the prize ("Excel-lence is the only criterion", September 10), saying it was long overdue and "what a London WIP 5HJ

relief it is to confront a short list that is entirely acceptable There is no token presence and each artist has a chance of winning - well worth a punt".

William Packer is also inac curate in saying that one of the judges. Judith Collins, is deeply distressed. The choice was accepted by all the judges except Hilton Kramer, who has made his views known. Peter Wakefield, chairman of the judges, Jerwood Painting Prize, Jerwood Foundation,

22 Fitzroy Square,

Uncertainty over a semitone

From Mr Michael Varcoe-Cocks. Sir, In his review of Opera North's new Il Trovatore ("Outbreak of symbolism in Leeds 'Trovatore' ". October 4), Richard Fairman writes disparagingly of the tenor's high notes in the famous cabaletta being "high Bs rather than Cs, if I

am not mistaken". On the one hand your critic is admitting that he does not have perfect pitch (a rare gift | London W6 OBE

anyway), but on the other he is implying that he is clever enough to tell that the cabaletta was sung a semitone lower than written.

Surely, if he felt it necessary to make this point, Fairman could have swallowed his ignorance and actually asked someone at Opera North! M D Varcoe-Cocks, 5 Brackenbury Road.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Merger of accountancy bodies inevitable From Mr R N Chisman. will not vote for a merger - other bodies to formulate plans

Sir, Your article, "An institutional fracture in need of repair" (Accountancy Column, October 6), on the rationalisation of the accounting profession misses the point. It would be obvious to a Mar-

tian that the six bickering representative organisations ought to be merged into a single influential professional body. However, the main obstacle to this is the widely held belief that the members of the three chartered institutes even when watered down as in the proposals recommended by the working party, chaired by David Bishop of KPMG Peat Marwick. And the reason they will not vote to merge is the general perception that the title "chartered accountant" carries more status and earning power than the titles from the other bodies. There is a desire for some to be seen as more equal than others.

Faced with such intransi-

gence it would be folly for the

for the improvement of the profession based upon the highly improbable premise of a merger. The other bodies cannot address this obstacle in the short term and the only practical approach is to plan round it and to make alternative proposals such as those formulated by Anthea Rose and the Chartered Association of Certified Accountants. Common sense will eventu-

ally triumph - you are either a qualified accountant or you are York Street, Glasgow G2 8JH

whether by intervention or consensus. But I am not sure I will see it in my professional lifetime. While it remains impossible to achieve it at one step, the only option is to embark on the first of a series of small steps - and on that basis I support the proposal for a General Accounting Council. R N Chisman, financial director.

3 Atlantic Quay,

A new millennium – and not a traffic cone to be seen

From Mrs A Lister. Sir, With regard to celebrating the millennium ("Wanted – wonder of the age". October 1), I think the government should pledge to remove every single traffic cone from every road in the kingdom by 4.30pm on

December 31 1999.

In order to placate all those who believe that celebrations should only take place in December 2000, I suggest that, during the intervening year. all the cones gathered should

century. These sculptures should be placed at various points around the country, to be seen from our motorways, rather as Stonehenge is viewed from the A303.

be given to a number of sculptors, who can each create a fit-ting memorial to the "last" books so that any other incom-

ing government must abide by it too. Thus, future generations will gain from finished roads, no more road works, and the disbanding (and financial saving) of the cones Hotline.

The price of share dealing

From Mr Richard Uzupris.
Sir, I was interested to read the latest proposals by the Stock Exchange to inhibit insider dealing as reported by Robert Peston ("Tighter checks on insider dealing proposed". October 5). I would like to make the following two observations: I) Suspension of dealings in

shares after "normal" price fluctuation parameters have been exceeded would probably be too late, as the professional insiders would have already

2) In the specific case of Portals | Essex SSO 8BN

it is doubtful that any stockbroker asked by a client whether or not to sell the shares during the four-day period in question would have failed to point out the bid speculation - the shareholders who missed out would more than likely have been those using execution-only, cut-price share dealing facilities. Investing is the same as any other business - you only get what you pay

6 Britannia Gardens, Westcliffe-on-Sea.

Richard Uzupris,

for.

Markets are not always right

From Mr Stephen Beet. Sir, I imagine Stephen Butler (Letters, October 3) has little practical experience of financial markets, judging by his faith in them over central bankers. Even casual observation - as opposed to simple economic theory - leads to the conclusion that most market participants can be wrong for

some of the time. Eventually they realise their mistake and the market cor-

rects - often dramatically. Who I wonder, on average, is the most "trustworthy" when predicting inflation? Large numbers of traders with little option but to follow the prevailing "market view", or central bankers appointed by politicians but with reputations to develop? Difficult one, that. Stephen Beer, 30 Cawkwell Close, Chelmer Village,

Argyll, the UK's third-largest grocery retailer, is selling the rest of its Lo-Cost discount chain, ending its 13-year ownership of the trading name.

The group has agreed to sell 101 of its remaining Lo-Cost stores, together with the trading name, and a freehold distribution depot at Queensferry, North Wales, to Co-operative Retail Services, for up to £73m. It plans to sell the remaining 50 stores and related assets "in due course

The deal follows the sale of 123 Lo-Cost and 28 of Argyll's smaller Presto supermarkets to a consortium of Spar companies for £19.7m in August.

CRS plans to continue operating the stores as discount outlets under the Lo-Cost of their 3,800 staff. About 60

closure of Lo-Cost's head office. As well as buying the Queensferry depot, CRS is leasing Lo-Cost's other two distribution depots at Salford and Mr Colin Smith, Argyll chief

withdraw from discount retailing was a result of the strategic review being conducted into the group's business. Lo-Cost made operating profits of only £6.3m on sales of £471m in the year to April 2.

executive, said the decision to

focus on its Safeway superstores and Presto supermar-The group was hindered in its efforts to make Lo-Cost a successful discounter by the wide variation in store sizes in

and Argyll had decided to

CRS is paying £59m for the stores, plus up to £14m more.

warn of provisions at Lucas

Analysts

By Paul Cheeseright lidlands Correspondent

Lucas Industries, automotive and aerospace component maker, could make provisions of up to £100m, pushing it into a headline loss when it announces its annual figures on Monday.

analysts is that provisions could be at least £17m to take into account costs involved in warding off litigation in the US over lapses of quality control on aerospace component contracts with the Defense

But the provisions could reach as high as £100m, in the opinion of Crédit Lyonnais Laing, if Mr George Simpson, the new chief executive, embarks on a major restructuring of the group to cut costs. This may involve job losses and a continuation of the series of plant closures which go back to 1991-92.

Lucas's difficulties in the US are well known, but any provisious for restructuring remain guesswork until Mr Simpson. on Monday, outlines his strategic plans for the group.

If the provisions go as far as the highest guess, then they would push Lucas into a pretax loss. Without provisions, Lucas is expected to make pretax profits of more than £65m, perhaps as much as £80m, for the year to July, compared with £50.3m in 1992-93. The dividend is forecast to stay at

Mr Simpson, since his arrival from Rover last April, has reviewed Lucas's activities and concluded that the group should concentrate on aerospace and automotive. The first priority, he has made clear, is to improve the group's financial performance. The plans, foreshadowed last

week when Lucas out a software company up for sale and said it was considering the sale of a manufacturing systems consultancy, will also involve a new round of disposals. These are expected largely to be companies in what was the group's applied technology division.

Float puts miracle in new orbit

Alice Rawsthorn considers BSkyB's plans for reducing its debt

here can be few people involved with business start-ups who do not dream of the day when their company will go public. But for British Sky Broadcasting's management the prospect must at times have seemed little short of miraculous.

The short, but turbulent story of BSkyB has been one of the most exciting media sagas of the early 1990s.

The company has, under the aegis of Mr Sam Chisholm, its abrasive chief executive, staged a stunning recovery since the traumas of its launch in 1990 following a shotgun marriage between the struggling Sky satellite television venture, and its ailing rival,

This week's announcement that BSkyB was considering plans to float on the London and New York stock markets before Christmas, set the seal on its resurgence. The flotation should also yield significant financial and structural benefits to the company and its

"BSkyB is very different today than it was a few years ago," said Mr Richard Brooke, its finance director. "But some aspects of our financial structure and ownership are more applicable to the old BSkyB than the successful company we've become. The flotation will change that."

One of the main incentives in going public is financial. It hopes to raise up to £1bn by selling new shares, represent-ing 20 per cent of the enlarged

Sam Chisholm: stunning recovery for company under his control loans. The interest bill for shareholder debt came to £84m in the last financial year to June, so BSkvB should save as much as £70m in annual inter-

None of BSkyB's four share est payments. News Corporation, as the holders, Mr Rupert Murdoch's News Corporation, Granada, the UK leisure group, Charbiggest investor with 50 per cent, is responsible for the largest chunk of the sharegeurs, the French textile comholder debt. It should be repaid pany, and Pearson, the UK 2500m of the 2550m loans it media concern that owns the Financial Times, will sell advanced to BSkyB after the shares. Indeed Chargeurs flotation. Analysts suspect Mr intends to buy more to prevent Murdoch will channel the cash into Star, his Asian television the dilution of its stake. All four will benefit from the debt reduction as the proceeds

will be used to repay most of hargeurs, Granada and the £1.2bn tranche of debt that Pearson will also be they provided or guaranteed. repaid a large propor-tion of the combined £250m This strategy makes sense for the company in that the shareholder debt, which was they lent and be absolved of most of the £350m debt they guaranteed. The three compa-nies provided equal shares of taken on during its early crises, is more expensive to service than the £500m external the debt and guarantees.

Calluna seeks USM float via placing

BSkyB will then decide how to deal with the remaining \$200m of shareholder debt and obligations. Its advisers say that the loans will either remain intact or be transferred into external debt.

The reduction in the company's interest bill should have a dramatic effect on its financial performance. Ms Rebecca Winnington-Ingram, media analyst at Morgan Stanley Securities, calculated that BSkyB could make pre-tax profits of £210m in the year to June, against her previous forecast of £158m. She has pencilled in profits of £350m for the next financial

Meanwhile the publicly-quoted BSkyB will have the flexibility to tap the market for more capital if it requires additional funding to launch ambitious ventures such as a pay-per-view digital satellite television service. Funds may also be needed to meet tougher competition for programming from the increasingly consolidated ITV companies and its emerging rivals in cable televi-

The flotation also offers an opportunity for the company to streamline the complex ownership structure whereby its four shareholders have unusually strong controls over various aspects of the company, notably investment.

As for the issue itself, observers seem confident that it will be a success. "It's a great corporate story," said Ms Winnington-Ingram. "And this is the perfect time to tell it."

Dartmoor Investment Tst launches bid for Sphere

Dartmoor Investment Trust yesterday launched a bid for Sphere, a split capital investment trust due to be wound up in a year's time.

Sphere is treating the bid as hostile and has recommended that shareholders take no action as yet. However, Dartmoor appears to have a majority in favour of its offer, which values the shares and warrants in question at £52.45m. It owns 7.01 per cent of the income and residual capital shares: other funds run by the same manager, Exeter Asset Management, own a further 22.51 per cent, and have indicated acceptance of the offer. Indications of acceptance

Abtrust Fund Managers, which owns 22.94 per cent of the shares. This would give Dartmoor 52.46 per cent of the shares, but the acceptances are

not yet irrevocable. The bid is only for one class of share - income and residual capital - and the warrants. It offers eight new Dartmoor ordinary shares for every 20 Sphere shares, and one new Dartmoor warrant for every four Sphere warrants, which at October 6 prices values the Sphere shares at 42.7p and the warrants at 5.5p. The October 6 mid-market prices were 42.5p and 5.5p respectively.

Sphere shares are trading at about asset value, and yield about 10 per cent, while Dart-

premium of about 25 per cent and yield about 11 per cent. The offer would give Sphere shareholders a continuing, increased income stream but possibly a lower capital value. Dartmoor is not bidding for

the stores in the eight weeks

until completion on November

Argyll expects to make a

total of between £86m and

£100m from the two sales

agreed plus the sale of the

remaining stores, compared

with a net asset value of about

Closure and other associated

costs will be about £3m. The

overall effect on earnings per

share is expected to be broadly

Argyll admitted the sale was

Lo-Cost was originally the

not being made "without a

retail operation of Oriel Foods,

acquired by Argyll in 1981 from the RCA Corporation.

at RCA between 1974 and

The original Argyll manage

backward glance".

Sphere's zero dividend and cumulative preference shares, which account for about £100m of the £150m fund. The board of Sphere announced several months ago that it was looking at options to extend the life of the trust but it has not yet made any proposals. The bid will put

pressure on it to do so. The deal would allow Sphere's managers, Marathon Asset Management, to retain the contract until the wind-up.

Calluna, a Scottish company which designs and manufacturers miniature hard disk drives, is seeking a flotation through a placing on the Unlisted Securities Market later this month. It hopes to raise between

By James Buxton, Scottish

Correspondent

£10m and £12m mainly to boost working capital and step up production. The placing is sponsored by Albert E Sharp. Calluna makes high capacity 1.8" disk drives - the size of a credit card - which can be

inserted into slots conforming to the PCMCIA industry standard in the latest generation of personal computers. The drives enable computer users to expand their storage capacity, transport data and remove large amounts of data from

equity, from the flotation, to be

sponsored by Goldman Sachs

and Lazard Brothers. All the

money will then be used to

reduce its £1.7bn debt.

PCs for security reasons. The company was founded in Glenrothes, Fife, in 1991 by six former employees of Rodime, a Glenrothes-based company which produced the world's first 3.5" hard drive in 1983 but later gave up manufactur-

drive capable of storing more than 80 megabytes of data. It makes 130MB and 170MB drives and will soon launch a 260MB product, all under the Callunacard name. It has arrangements with distribution companies in Europe and the

Calluna raised £5m in December 1992 from 3i and other institutions and in March this year Albert E Sharp attracted investors who put in about £2m. In the year to

Calluna developed the £2.1m on sales of £300,000. world's first 1.8" hard disk

The Scottish company, which employs 40 people, is the only producer of miniature disk drives in Europe, but faces competition from three lished disk drive maker Maxtor and two recent startups.

It believes the market for a ministure disk drives is poised for growth and quotes an estimate by an industry analyst that worldwide shipments will rise from 50,000 in 1993 to more than 3m units in 1997.

T&S Stores chooses chief executive

By Richard Wolffe

Mr Jim McCarthy has been appointed chief executive of T&S Stores, the newsagent and convenience store retailer. Mr McCarthy was previously joint managing director with Mr Stephen Boddice, 42, who retires from business life on December 31.

Mr McCarthy joined the T&S board as group retail director from Dillons newsagents, where he had been managing director since 1985. T&S acquired the Dillons and Alfred Preedy chains of confectionery, tobacco and newspaper stores from Next for

£53.9m in 1989. Mr Boddice leaves T&S after 17 years at the Walsall-based company, which has grown from owning three klosks to more than 700 stores in less

than 20 years.
Mr David Crellin has been appointed group financial director, after working as operating financial director. He joined T&S in 1990 after directorships at Evode and

hen it comes to setting prices, some of

ciality chemicals companies

pay scant regard to the govern-

ment's inflation target range of

on bulk petrochemicals to

manufacture products ranging

are under mounting pressure

to pass on sharp increases in

raw materials prices, which for

some commodities have more

Their freedom to charge

more has been restricted, how-

ever, because many industrial

customers are reluctant to pay

higher prices in a competitive

slack, so many companies will

have to absorb the higher raw

material prices through inter-

nal cost savings," warns Mr

Keith Wey, senior economist at

the Chemical Industries Asso-

That prospect has prompted

a series of cautious trading

statements in recent weeks

from speciality chemicals com-

panies, including British Vita.

Hickson International, Holli-

day Chemicals and, most

Reporting a 42 per cent

increase in half-year profits

last week, the Harlow-based

chemicals and building prod-

ucts group warned that rising

recently. Yule Catto.

"Demand has been relatively

low-inflation environment.

from latex and foam to paint.

The companies, which rely

1 to 4 per cent.

Britain's leading spe-

Bluebird founder pockets £2.5m

By David Blackwell

Polly Pocket and Mighty Max are pocket sized and mighty small - but they mean Big Money. Yesterday, Mr Torquil Norman, founder and chairman of Bluebird Toys, cashed in on their success with the world's children and halved his stake in the group.

He sold 1.08m ordinary shares at 207p each, while his wife sold 120,000 shares, netting the couple almost £2.5m. The Bluebird shares, which closed yesterday unchanged at

213p, were placed with institu-tions through S.G. Warburg. Mr Norman, whose lifelong hobby is flying classic aircraft, retains 1.03m shares, or 2.3 per cent of the shares in issue. He last sold shares in June, placing 275,000 through Smith New Court Securities, the group's broker at the time.

He is not proposing any further sales for a year. Earlier this year Mr Norman. who founded Bluebird Toys in 1980, stood down as the company's chief executive. He said he

raw materials prices could

Although it has reduced

costs to offset the impact of

price rises, Mr Alex Walker,

chief executive, said margins

could be squeezed in the sec-

Many of these companies cut

costs aggressively during the

recession and now have little

room for manoeuvre, especially

those relying on commodities

such as ethylene, styrene, orthoxylene and methanol.

ylene, the building block for many chemical products, have

risen by 120 per cent from \$250

(£158) per tonne in April to

\$550 last month; methanol, by

comparison, rose 125 per cent

risen steadily although they still remain below the 1989

peak, when ethylene sold at

\$700 per tonne against \$400 per

While warning that the

increases would hit margins.

City analysts said the special-

ity chemicals companies had

enjoyed substantial gains

while commodity prices lan-

guished at historic lows in the

"The bulk chemicals produc-

ers such as ICI are exacting

revenge for the price cuts they

suffered during the recession,

says Mr Martin Evans at Hoare Govett. "It will take several

tonne this month.

past two years.

Contract prices have also

from \$187 per tonne to \$422.

European spot prices for eth-

and concentrate on new product development.

Mr Christopher Burgin, who spent 18 years with Hasbro, the US toys and games group, was appointed chief executive with a brief to concentrate on marketing the group's toys.

Last week Mr Burgin purchased 15,000 shares at 237p, taking his holding to 25,000 The biggest shareholder in

Bluebird remains Fransad Investissements & Gestion, ultimately owned by UBS. Fransad's shareholding has been reduced from 29.6 per cent two years ago to 18.8 per

Last month the group announced interim pre-tax profits more than trebled from £1.99m to £7.19m and declared its first interim dividend. Turnover increased from £23.7m to £40.7m, with overseas sales 84 per cent up at £28.7m and UK sales ahead 49 per cent at

City analysts are expecting full-year profits for Bluebird of about £19m, and earnings per

Facing the reality of price pressures

The squeeze is on for the UK's specialist chemicals companies, reports Tim Burt

Rod Sellers: flat demand

months for the intermediates

to push up selling prices. If we

had runaway inflation they

could recoup costs, but that's

For their part, the bulk sup-

pliers claim prices have

increased because there are

insufficient stocks available to

meet new orders coming

through from the speciality

customers are being driven by

supply and demand rather

than raw material costs, and

are taking place after a period

"Any price increases to our

hitting operating profits

not happening."

companies.

Dawson restructures home fashions subsidiary

shower curtain and bathroom accessories subsidiary of Dawson International, the textile group, is reorganising its manufacturing and distribution.

The move forms part of DHF's plans, announced in June, to return to profitability. In the year March 26 1994 it made pre-tax losses of £2.9m on turnover of £57.3m, compared

Dawson Home Fashions, the with profits of £4.6m on turnover of £59.5m.

DHF's Vienna, Ohio plant will be phased out and consolidated into the Sardis, Mississippl facility, with the loss of 250 jobs. There was a £12m provision for restructuring in Dawson International's accounts for the year which the company continues to believe will be adequate.

BZW Commodities placing

By Bethan Hutton

BZW has raised almost £70m from the placing of shares in the BZW Commodities Trust, a Jersey-incorporated, London-The trust aims to match the performance of the Goldman

of unsustainable low levels

during the recession," says Mr

Peter Corners, business man-

Prices for ethylene, for exam-

ple, rose sharply following

shortages in the US where sup-

plies were hit after an explo-

ion in August at Exxon Chem-

ical's Baton Rouge plant in

Louisiana, where production was interrupted for several

tocks normally available to UK intermediates have

Asia following the closure of some chemicals plants in

Japan, where a prolonged

drought led to water restric-

But warnings of widespread

shortages are viewed with

some scepticism at British Vlta, the foam and fibre group.

shortages there really are. I

think the bulk suppliers are

playing that card a bit too

strongly," said Mr Rod Sellers,

He blamed pricing pressures

and flat demand among cus-tomers for sluggish half year

operating profits, adding that

the group's main markets were

static or improving only

British Vita has reduced its

workforce by 5 per cent to 12,800 and tried to cut costs,

but Mr Sellers warned: "Either

chief executive.

"I'm not sure how many

tions for industrial users.

also been diverted to east

ager at ICI Olefines.

using derivative instruments. A public offer for the trust closes on October 20, and dealings in shares and warrants are due to start on October 27. • Hambros has raised \$42m (£26.5m) with a placing of shares in its Hambros Smaller Asian Companies trust. Deal-Sachs commodity index by

we have to pass on price

increases or we will have to

make fundamental changes in

have also hit those companies

which have enjoyed increased demand. Supplies bought at

contract prices are proving

insufficient, and extra orders

are set at much higher spot

"In some cases we can pass

it on, but it's proved difficult

because stocks were run down

last year." says Mr Jim Rat-

cliffe, managing director of

Inspec, the speciality chemi-

cals company which came to the market earlier this year.

City analysts are sympa-

thetic, but remind the manu-

facturers that they've never

"It will be hard to pass on meaningful increases, but

they've had a very comfortable

time during the past two

years," says Mr Philip Morrish

The worst affected compa-

nies are now enduring a time

lag before cost increases can be

recovered, and although the

industry has been through sim-

ilar cycles in the past, this

time the prospects are grimmer

had it so good.

of Smith New Court.

Raw material price increases

product specifications."

A Cohen recovers to £764,000

A Cohen, maker of non-ferrous metal ingots, reported a sub-stantial recovery in pre-tax profits from £36,000 to £764,000 for the first half of 1994. Turnover, however, fell by £8m to £35.5m because of a policy of concentrating on lower volume, higher margin business in some sectors.

Earnings per share were 27p (8.96p losses), but owing to a decision to rebuild cash resources there is again no interim dividend - the last payment was a 3.4p final for Cohen said its principal mar-

kets were now all recovering and that demand, particularly aluminium, was strong. The directors were "cautiously optimistic" for the full year. Henderson Highland

The net asset value per share of Henderson Highland Trust

stood at 125.4p at August 31, down from 138.2p at the February 28 year-end but up slightly on its level of 125.3p at the interim stage last year. Net revenue for the six

months amounted to £742,000 (£810,000). A second interim dividend of 1.4p making 2.8p for the half-year has already been declared.

Earnings per share came out at 2.84p (3.1p) and the directors said they expect earnings for the full year would more than cover the annual dividend rate

L&G Ventures Legal & General Ventures has

completed its takeover of Group Development Capital investment trust, which it plans to turn into a vehicle for investing primarily in companies recently floated by management buy-out and buy-in Legal & General's cash offer

of 54.12p (97.5 per cent of asset value) per ordinary share has become unconditional. It values the trust at about £13.25m.

An issue of new ordinary shares in the trust raised more than £18m, of which £9m was DIVIDEND ANNOUNCED

for passing on higher prices. Last time this happened the economy was growing faster," Singaby (HC) says Martin Evans at Hoare Govett. "But now it's a different story - the squeeze is on.'

NEWS DIGEST cent stake. Warrants were issued to new and existing

warrants for every 20 ordinary An extraordinary general meeting this week approved the trust's change in investment policy and the transfer of the management contract to

shareholders in a ratio of three

Legal & General Ventures. Dealings in the new shares and warrants are due to start on October 17.

Chepstow falls Chepstow Racecourse reported

a fall in pre-tax profits from £140.522 to £96.598 for the six months to June 30. Turnover was down from £929,240 to £809.719. The directors blamed the

downturn on adverse weather conditions during the period which led to the abandonment of four race days.

It was unlikely that the loss

of these days would be made up over the remainder of the year, the directors added. Earnings per share emerged

London Electricity

London Electricity has joined the distribution companies which have bought their own shares. Yesterday it spent £103.2m for a 7 per cent holding at 672p a share.

The company said there was no particular reason buying the shares yesterday, permission for which was granted at the August annual meeting. However it had to move before its close season in a week's

It is able to buy a further 3

per cent but further purchases are unlikely in the short The shares closed 2p lower at

Slingsby dips 33% HC Slingsby, the trucks and

ladders company, reported a 33 per cent drop in pre-tax profits from £302,169 to £203.633 for the six months to June 30. Turnover edged ahead 11 per cent from £5.9m to £6.55m. The company said trading conditions continued to be

Earnings per share fell to

Соптез -Current Date of ponding dividend for payment payment Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

from Legal & General Assur- 14.1p (20.9p). An interim diviance, which has a 49.01 per dend of 3p is maintained.

Andrews Sykes

The independent directors of Andrews Sykes are delaying giving a recommendation on the increased offer from Mr Jacques Murray, valuing the industrial services company at £10.7m, until they have received advice.

In a statement yesterday they said they would be writ-ing to shareholders in due course. Mr Murray, Andrews' chair-

man, increased the offer he is making through European Fire Protection Holdings, his private Netherlands-based company, on Wednesday.

The independent directors gave split advice on the first offer, which valued Andrews at £8.24m. They said that riskaverse shareholders should consider selling in the market while those who had confidence in Andrews' potential should reject the offer.

Bid for Dakota

Three executive directors of Dakota Group are taking the USM-quoted printing and packaging concern private through a recommended offer from The 23p per share offer.

ments to accept in respect of 17.2m Dakota shares (63.7 per cent), values the company at I£6.21m (£6.14m). CBW, is controlled by Dakota's chief executive, Mr Colum Kelleher, Mr William Carlile

which has received commit-

and Mr Brendan Mowles, who together hold about 17.5 per cent of Dakota. The buy-out is being funded by Bank of Scotland and First Irish Mezzanine Fund.

Simons & Co

Simons & Co. a subsidiary of Geest Industries, the food group, has not traded in the half year to July 2. Interest of £12,005 was received on intergroup indebtedness, from which a dividend was paid to preference shareholders for the six months to June 30. Last year's interest received amounted to £12,041. No dividend is payable to ordinary shareholders.

Mitie purchase

Mitie Group, the building maintenance company. has acquired the 42 per cent minor ity interest in Trident Mainte nance Services, the Scottish commercial painting and decorating business, for 746.649 new ordinary shares.

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raised

PANCIAL TIMES

INTERNATIONAL COMPANIES AND FINANCE

Hollinger to raise Telegraph stake

By Christopher Price

Shares in The Telegraph jumped 20p to 330p in London yesterday after Hollinger, the Canadian publishing company controlled by Mr Conrad Black, said it would seek to increase its 57 per cent stake in the UK newspaper group.

Hollinger said it would begin purchasing any available stock "at or around current market prices" from the start of trading on Monday. Hollinger said it "is prepared

initially to buy up to 6.8m ordinary shares," which would account for about 5 per cent of The Telegraph's shares.

At yesterday's close, the exercise would cost Hollinger

Crédit Lyonnais,

financially-troubled French

banking group, reduced the

level of provisions it was plan-

ning to make for the first half

of the year by more than

FFrlbn (\$180m) after last-min-

ute discussions with regula-

This reduced the overall

level of provisions to FFr10.1bn. Many analysts

believe this is only about half

the level that will be required

to cope with the legacy of non-

performing loans inherited

from the bank's activities over

ITT expected to

early next week it has a major-

ity stake in Ciga, the Italian

an agreed bid, writes Andrew

take majority

stake in Ciga

the past few years.

more than £22m (\$34.76m). The move is likely to excite further controversy over Mr

Black's dealings with The Telegraph. In May Hollinger reduced its stake in The Telegraph to 57 per cent from 66.2 per cent, raising C\$152m (US\$113.4m), only weeks before the The Daily Telegraph cut its cover price as a price war erupted in Britain's newspaper industry. The share price consequently slumped to 332p from 540p. A London Stock Exchange inquiry cleared Mr Black of any wrongdoing, although Cazenove, the compa-

ny's broker, later resigned.

Yesterday, Mr Jack Boultbee,

Hollinger vice-president, said:

"Conrad Black stated before

Banking sources suggested

yesterday that planned provi-

sions in the six months to June

30 on its exposure to activities

in other countries were reduced by up to FFr2bn after

discussions between Crédit

Lyonnais officers, its new audi-

tors and the French banking

commission and state auditing

The reduction partly reflects

the tensions between Mr Jean Peyrelevade, the chairman of

the bank appointed by the gov-

ernment last year, and the eco-nomics and finance ministry.

which has been resisting the

bank's demands for additional

state support against outstand-

commission.

Crédit Lyonnais reduces first-half charge

that if the price was right he would buy Telegraph shares; Analysts speculated that that's just what he's done. "We think The Telegraph represents one of the better

long-term investments around at the moment. We are committed investors and will not turn around and re-sell this when the shares move up to, say, £5." On the controversy sur-

rounding the group's last dealings in The Telegraph, he said: "Buying these shares isn't going to improve our image in the City of London. Only time will do that. But we're doing this because it's a darn good investment." But he added Hollinger would have begun buying several weeks ago had

ing potential liabilities.

Government sources suggested this month that Mr

Peyrelevade had originally told

Mr Edmond Alphandéry, the

economics minister, that Crédit Lyonnais would require

provisions of up to FFr25bn. Officials have demanded far

more detailed and justified

quantification of potential pro-

visions before providing public

assurance that they would

underwrite the losses this may

pressure to sell off core activi-

ties as well as industrial

investments, although it

remains committed to main-

The bank has been under

Analysts speculated that the Hollinger statement could signal an end to the newspaper price war. "The feeling is that The Times will increase its price in the next few months, which would allow everyone else to move theirs upwards

too," said one broker. The

Times, owned by News Corpo-

ration, is the cheapest quality broadsheet paper.
However, Mr Stephen Grabena, managing director of The Telegraph, denied the Hollinger move would be followed by an increase in The Daily Telegraph's price. "We have no plans to change the cover price in the foreseeable

taining its European network,

which includes about 1,000

branches outside France and

It emerged yesterday that

Crédit Lyonnais was poised to appoint a new member to its

executive committee with spe-

cial responsibilities for internal

management support in the restructuring operations.

director of Mr Jacques Delors'

cabinet in Brussels, is reviewing operations within the

bank, and is expected shortly

to become the fourth member

of the committee alongside Mr

Peyrelevade, Mr Michel Ren-

Mr Pascal Lamy, previously

2,200 within the country.

Growth continues at European chip maker

By John Ridding in Paris

The strong improvement in results at SGS-Thomson, the Franco-Italian semiconductor manufacturer, continued in the second quarter with profits increasing 47 per cent to \$86.5m.

The second-quarter rise took first-balf net profits to \$166.1m, slightly above the figure for the whole of 1993. The first half of the group's financial year ended at the beginning of July.

The company, formed in 1987 through the merger of Thomson Semiconductor of France and Italy's SGS Microelectronics, said the improve-ment in results reflected the buoyancy of the international semiconductor market, the introduction of products and increased productivity.

The strong demand for sem conductors and related prod-ucts was reflected in sales of \$1.27bn, a rise of 32 per cent over the comparable period in 1993. In the second quarter, revenues amounted to \$672m. SGS-Thomson said all of its principal product groups increased sales in the second quarter, while bookings dur-

ing the period were described as strong. The company's principal markets include semiconductors for applications in tele-

coms, computers and control Its principal geographical markets in Europe, the Ameri-

cas and Asia Pacific, reported increased turnover. Industry analysts in Paris said they expected the strong

sales growth of the past few years to slow towards the end of this year. "Demand will remain healthy for the foreseeable

future, but there will be a cooling off as more capacity comes on stream and as the cycle peaks," said an electronics analyst. SGS-Thomson said it had continued to invest heavily in

new equipment and facilities, particularly in France, Italy and the US. However, the debtto-equity ratio was maintained at about 25 per cent, according to the group.

Disney to promote French cinema in US

By Andrew Jack

Mickey Mouse may soon be blushing in embarrassment, thanks to an attempt by his masters to bring the gems of the French cinema to American audiences in readily digestible form.

EuroDisney, the Frenchbased theme park, announced yesterday that Mr Philippe Bourguignon, chairman, had decided to set up a new subsidiary of Miramax, owned by Walt Disney, which would promote French films in the US.

Mr Bourguignon, who had the idea but will not be directly involved in managing the company, said the aim was to release at least three French films a year in the US. Asked whether some of the

more sensuous French films would be on offer uncut to American mass market tastes often considered more prudish - EuroDisney said no

decisions had been taken on

ported.

It said the new company aimed to dub four existing French films into English by 1996, in an attempt to broaden the audience of European cinema away from a minority "elite type of viewer" prepared to read sub-titles.

EuroDisney said that the new company aimed to dub four existing French films into English by 1996

The subsidiary may also threaten the dominance of a few leading French actors, such as Gerard Depardieu, by taking an active part in casting French actors in Miramax film productions.

EuroDisney - which has been criticised for being too American in outlook for its

opportunity to emphasise the French image of the initiative. It said the company would be based in Paris and would be headed by a French citizen, Ms Agnes Matré, vice-president of Miramax.

The company admitted that EuroDisney wanted to build its own, international identity, but stressed the reason behind the move was purely "a business decision" and that "we should focus on and retain our Disney roots".

The new company intends to work on about five European productions a year and set up co-productions with French producers.

It will find French locations for English language films, and plans to acquire at least two French films for shooting by the end of 1996.

It wants to expand the market for French classic films, and has bought the rights for US release of two: Bunuel's

Metallgesellschaft cuts debt by two-thirds to DM1.2bn

By Christopher Parkes

Metallgesellschaft has reduced its net debt by two-thirds, and made a "precision landing" on targets set earlier this year when creditor banks agreed a DM3.4bn (\$2.2bn) rescue package, according to Mr Kajo Neukirchen, chairman. Debts of DM3.6bn at the end

of the 1992-93 financial year had been cut to DM1.2bn by the end of September, he said yesterday. Bank liabilities had been reduced to DM4.1bn from DM7.6bn.

The assets sale instituted when he took control last December had generated DM4.2bn, and 90 subsidiaries had been disposed of or deconsolidated.

Cost savings of DM500m this year would be followed by a further DM1bn by the end of the current financial year, when the company expects to



the group's core interests

show an operating profit of more than DM100m.

In a scornful assessment of the synergies attributed to the old Metallgesellschaft, Mr Neukirchen said they should not

"A company which simulta-neously distributes aircraft galleys, holds stakes in bakeries and trades in developing countries' debt can only be improved by targeted disin-vestment," he added.

Mr Neukirchen appeared to be responding to criticisms that the group has been reduced to a mere shadow of its former self by his radical onslaught on the alleged investment excesses wrought by his sacked predecessor, Mr Heinz Schimmelbusch. The company would concen-

trate on its core interests in trading, plant construction, chemicals and financial services, he said.

Lead and zinc operations would be rationalised further, and the environmental divisions would be tightened. In the medium term the company would withdraw from lossmaking recycling and environmental cleaning operations.

Hill in Milan. Sources said yesterday the This is in line with market US group could end up with as

HSBC GLOBAL INVESTMENT FUNDS

Société d'Investissement à capital variable South Pacific Equity Registered Office: 7 rue du Marché-sux-Herbes, L-1728 Luxembourg B.C. Luxembourg B-25887 Convening notice

The abureholders of HSBC Global Investment Funds - South Pacific Equity ("South Pacific Equity") are hereby convened to attend an

EXTRAORDINARY CLASS MEETING OF THE

SHAREHOLDERS OF SOUTH PACIFIC EQUITY

anembourg, with the following agenda:

Decision to amalgamate the South Pacific Equity with HSBC Global Investment
Funds - Asian Equity ("Asian Equity") by contribution of all the uet assets of South
Pacific Equity to Asian Equity, against antibution to the shareholders of South
Pacific Equity of an appropriate number of shares of Asian Equity, in proportion to
heir shareholding in the South Pacific Equity at an exchange ratio calculated on the
basis of the respective net asset values per share of the two sub-funds on the day of

Resolutions on the above agends do not require a quorum and decisions are taken by a simple majority of the shares present or represented at the meeting.

Each centre start is continue to take vote. In order to participate in the stoering, the bolders of bearer shares must deposit their shares at the office of HSBC investment Funds Luxembourg SA, 7 rue du Marché-aux-Herbes, L-1728 Luxembourg by no later than 5pm on October 26th 1994. Proxies will be sent to registered shareholders by mail. In order to be valid, proxies must be returned to the office of HSBC Investment Funds Luxembourg SA, atm. Marceline Jans, fax. (35.2) 47.55 (9), by no later than 5pm on October 26th 1994.

A notice confirming the outcome of the meeting will be published in the Luxembourg Memorial, in the Luxembourg Wort, in the Financial Times and in the South China

returning to so,.

The crest of the amalgumation will be borne by the Investment Manager.

The amention of the shareholders of South Pacific Equity is specifically drawn to the

following:
Whereas South Pacific Equity seeks to achieve long term capital growth through investment in the equity markets principally of Australia and New Zealand, the aim of Asian Equity is to achieve the name investment objective from an activaly managed portfolio of quoted securities on the regulated stock exchanges of the economies in Asia, excluding Japan. The major proportion of this sub-funds investments will be in the markets of Hong Kong, Singapore, Malaysia and Thalland, However, the other stock markets of the region, including Korea, Shunghai and Sheuzhen, China, Taiwan, the Philippanes, Indonesia and Bombay, India, may be held from time to time.

The currency of denomination of Asian Equity is US dollar as is the case for South Pacific Equity.

The investment adviser to Asian Equity is HSBC Asset Management Americas Inc., who

The investment adviser to Asian Equity is HSBC Asset Management Americas Inc, who are also the investment adviser to South Pacific Equity.

The distribution policy of Asian Equity is identical to the one applied to South Pacific.

Equity.

The Directors accept responsibility for the accuracy of the cos

o be held on October 27th 1994 at 3 pm at 7 rue du Marché-aux

much as 55 per cent of Ciga, ending a year-long struggle for full control of the troubled hotels group. The ITT offer closed on Friday night and details of the outcome should be disclosed after the weekend. ITT already owns 35.25 per

avembourg, with the following agenda:

Decision to close South Pacific Equity.

Each entire share is entitled to one vote.

 $\gamma_{1m}/4+150^{11}$

Sun Hung Kai profits rise 32%

By Louise Lucas in Hong Kong

ITT, the US conglomerate which owns the Sheraton hotel Sun Hung Kai Properties, one of Hong Kong's leading prop-erty developers and controlled chain, is expected to announce by the Kwok family, yesterday posted a 32 per cent increase in net profits to HK\$8.8bn luxury hotels group, following (US\$1.1bn) for the year to June

> expectations and compares with HK\$6.7bn for the previous Earnings were struck on the back of HK\$15.2bn in sales, 48

> per cent up on the previous year's HK\$10.3bn. Following Henderson Land, the developer which reported on Wednesday, Sun Hung Kai

special cash bonus to mark "very satisfactory" results. Shareholders are to receive a

bonus of 38 cents a share on top of the final dividend of HK\$1.01 a share. This gives a total annual payout of HK\$1.92 a share, 25 per cent up on the previous year (adjusted for a canitalisation issue). Earnings a share rose 24 per

cent to HK\$3.91 from HK\$3.16. Sun Hung Kai Properties is the last of the colony's big developers to report, and its figures confirm the sector's ability to weather the storms of 1994, which have included government measures to cool

Properties is awarding a property prices and rising Mr Walter Kwok, chairman

and chief executive, said that while residential property prices had tumbled between 15 per cent and 20 per cent from the highs in the first quarter of the year, end-users were gradually returning to the market and prices were stabil-

"Strong demand for housing is expected to continue as a result of sustainable growth in household income. The fundamental factors underpinning the residential market remain unchanged, though interest rate movements need to be monitored," he said.

HSBC GLOBAL INVESTMENT FUNDS

Société d'Investissement à capital variable United Kingdon Equity red Office: 7 rue du Marché-aux-Herbes, L-1728 Luxen R.C. Luxembourg B-25887

Convening notice

The shareholders of HSBC Global Investment Funds - United Kingdom Equity

EXTRAORDINARY CLASS MEETING OF THE

SHAREHOLDERS OF UNITED KINGDOM EQUITY

to be held on October 27th 1994 at 3 pm at 7 rue du Marché-aux-Herbes, L-1723 Luxembourg, with the following agenda:

1. Decision to amalgamate the United Kingdom Equity with HSBC Global Investment Funda - Pan-European Equity ("Pan-European Equity") by contribution of all the net assets of United Kingdom Equity to Pan-European Equity, against attribution to the stareholders of United Kingdom Equity of an appropriase number of shares of Pan-European Equity, in proportion to their shareholding in the United Kingdom Equity at an exchange ratio calculated on the basis of the respective net asset values per share of the two sub-funds on the day of the contribution.

olutions on the above agenda do not require a quotum and decisions are taken by a

Each entire saare is entitled to one wore. In order to porticipate in the meeting, the holders of bearer shares must deposit their stares at the office of HSBC investment Funds Lincombourg SA, 7 rue du Marché-aux-Herbes, L-1728 Lincombourg by no later than 5pm on October 25th 1994. Proxies will be sent to registered shareholders by mail. In order to be valid, proxies must be returned to the office of HSBC investment Funds Lincombourg SA, attn. Marceline Jans, fax,

A notice confirming the outcome of the meeting will be published in the Luxembourg Memorial, in the Luxembourg Worn, in the Financial Times and in the South China

The cost of the smalgamation will be borne by the investment Manager.

The attention of the shareholders of United Kingdom Equity is specifically drawn to the

following:

Whereas United Kingdom Equity invests in shares issued mainly by well established
United Kingdom Companies the investment policy of the Pan-European Equity aims to
invest in a wide range of company shares quoted or traded on any of the Eligible
Markets in both the United Kingdom and in other Continental European countries.

Generally, the portfolio of securities will be those in large established companies with
proven track records. The portfolio will also include accurities in appropriate smaller or
more specialised companies.

The commence of description of Pan-European Equity is US dollar as is the case for

be beld on October 27th 1994 at 3 pm at 7 rue du Marché-aux-E

"United Kingdom Equity") are bereby convened to strend an

Decision to close United Kingdom Equity.

Determination of the effective date of the contribution.

(352) 47 55 69, by no later than 5pm on October 26th 199

Each entire share is entitled to one vote.

imple majority of the shares present or represented at the meeting.

HSBC GLOBAL INVESTMENT FUNDS Société d'Investissement à capital variable European Equity red Office: 7 rue du Marché-aux-Herbes, L-1728 Luxe R.C. Luxembourg B-25087

Convening notice The shareholders of HSBC Global Investment Funds - European Equity ("European

Squity") are bereby convened to attend an EXTRAORDINARY CLASS MEETING OF THE SHAREHOLDERS OF EUROPEAN EQUITY

be held on October 27th 1994 at 3 pm at 7 rae du Marché-aux-Herbes, L-1728 Luxembourg, with the following agends:

1. Decision to amalgamete the European Equity with HSBC Global investment Funds

- Pan-European Equity ("Pan-European Equity") by contribution of all the net assets

of European Equity to Pan-European Equity, ogainst attribution to the shareholders of European Equity to Pan-European Equity, ogainst attribution to the shareholders of European Equity of an appropriate number of shares of Pan-European Equity, in proportion to their shareholding in the European Equity at an exchange ratio calculated on the basis of the respective net asset values per share of the two sub-Decision to close European Equity.

tion of the effective date of the contribution. Resolutions on the above agenda do not require a quorum and decisions are taken by a simple unjority of the shares present or represented at the meeting.

Each entire share is entitled to one vote. in order to participate in the meeting, the holders of bearer shares must deposit their shares at the office of HSBC Investment Funds Luxembourg SA, 7 rue du Marché-aux-Herbes, L-1728 Luxembourg by no later than 5pm on October 26th 1994. Proxies will be sent to registered shareholders by mail. In order to be valid, proxies must be returned to the office of HSBC Investment Funds Luxembourg SA, arm. Marcefine Jans, fax.

(352) 47 55 69, by no later than 5pm on October 26th 1994. A action confirming the outcome of the meeting will be published in the Luxembourg Memorial, in the Luxembourg Wort, in the Financial Times and in the South China

The cost of the amalgamation will be borne by the lavestment Manage

The attention of the shareholders of European Equity is specifically drawn to the

Whereas European Equity invests in shares of large Continental European Compar the investment policy of the Pan-European Equity aims to invest in a wide range of conpany shares quoted or traded on any of the Eligible Markers in both the United Kingdom and in other Continental European countries. Generally, the portfolio of securities will be those in large established companies with proven track records. The portfolio will also include securities in appropriate smaller or more specialised

The currency of denomination of Pan-European Equity is US dollar as is the case for

The investment adviser to Pan-European Equity is HSBC Asset Management Americas Inc. who are also the Investment adviser to European Equity.

The distribution policy of Pan-European Equity is identical to the one applied to

The Directors accept responsibility for the accuracy of the contents of this document.

HSBC GLOBAL INVESTMENT FUNDS Société d'Investissement à capital variable Canadian Equity Registered Office: 7 roe du Marché-aux-Herbes, L-1728 Lamembourg R.C. Luxembourg B-25087

Convening notice reholders of HSBC Global Investment Funds - Canadian Equity ("Canadian

Equity") are hereby convened to attend an EXTRAORDINARY CLASS MEETING OF THE SHAREHOLDERS OF CANADIAN EQUITY to be held on October 27th 1994 at 3 pm at 7 rue du Marché-aux-Herbes, L-1728

to be held on October 27th 1994 at 3 pm at 7 rue du Marché-aux-Herbes, L-1728 Luxembourg, with the following agenda:

1. Declsion to amalgamate the Canadian Equity with HSBC Global Investment Funds - North American Equity ("North American Equity") by contribution of all the net assets of Canadian Equity to North American Equity, against archivation to the shareholders of Canadian Equity of an appropriate number of shares of North American Equity, in proportion to their shareholding in the Canadian Equity at an exchange ratio calculated on the basis of the respective net asset values per share of the true of finete on the down of the canadianical state. of the two sub-funds on the day of the contri

Decision to close Canadian Equity.

Determination of the effective date of the contribution. Resolutions on the above agenda do not require a quorum and decisions are taken by a simple majority of the shares present or represented at the meeting. Each entire share is entitled to one vote.

In order to participate in the meeting, the holders of bearer shares must deposit their shares at the office of HSBC investment Funds Luxembourg SA, 7 rue du Marchéaux-Herbes, L-1728 Luxembourg by no later than 5pm on October 26th 1994. Proxies will be sent to registered shareholders by mail. In order to be valid, proxies must be returned to the office of HSBC investment Fends Luxembourg SA, arth. Marceline Jans, fax. (352) 47 55 69, by no later than 5pm on October 26th 1994.

A notice confirming the outcome of the meeting will be published in the Luxembourg Memorial, in the Luxembourg Wort, in the Financial Times and in the South China Morning Post.

The cost of the amaleumation will be borne by the investment Manager The attention of the shareholders of Canadian Equity is specifically drawn to the

The investment policy of North American Equity is to provide maximum capital growth through a portfolio of carefully selected shares traded on the stock exchanges of the United States of America, Canada and Mexico, whereas the investment policy of Canadian Equity is to achieve the same objective by investing only in companies whose activities are principally based in Canada or which are quoted or traded on an Eligible Market in Canada.

The investment adviser to North American Equity is HSBC Asset Managemen Americas Inc., who are also the investment adviser to Canadian Equity. The investment advisory fees and the distribution policy of North American Equity are Identical to those applied to Canadian Equity.

The Directors accept responsibility for the accuracy of the contents of this docum

The Board of Directors

FINANCIAL TIMES FINANCE EAST EUROPE

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The elements will be held by to sail may be real by they element suppose.



MBE FINANCE N.V.

US \$30,000,000 **GUARANTEED DUAL BASIS BONDS DUE 2004** in accordance with the provisions of the above mentioned Notes,

ent adviser to Pan-European Equity is HSBC Asset Management Americas also the investment adviser to United Kingdom Equity.

tion policy of Pan-European Equity is identical to the one applied to United

<u>rination</u> of Pan-European Equity is US dollar as is the case for

notice is hereby given as follows: • Interest period: October 7, 1994 to April 7, 1995 (182 days)

• Interest payment date: April 7, 1995 Interest rate: 6.325% per annum

Coupon amount payable per Note of US \$1,000,000:

US\$ 31,976.39 Agent Ban BANCHE INTERNATIONALE BILLS

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FINANCIAL TIMES

Banca Cremi, S.A. 9% Notes Due 1995

Notice of Event of Default

Pursuant to the provisions of Conditions 9 and 11 of the Terms and Conditions of the 9% Notes due 1995 (the Thotes") issued by Banca Crem; S.A. (the "Issue"), notice is hereby given of the occurrence, on about September 6, 1994, of an "Event of Details" described in subparagraph (vf) of Condition 9 of such Terms and Conditions. According to an announcement made by the Minin subparagraph (vf) of Condition 9 of such Terms and Conditions. According to an announcement made by the Ministry of Finance and Public Credit of Mexico on September 6, 1994, the Ministry has instituted a managerial intervention by the National Banking Continuision (*NBC*) of Mexico of all of the entities forming a part of the Cremulision Financial Group, including the Issuer. According to the Ministry's announcement, a "managerial intervention" Involves the substitution of existing management of the entities by broading management of the entities by broad-

ing management of the entities by broadly empowered appointees of the NBC. Such action appears to constitute an assumption by the government of Mexico or an authority thereof of the business and operations of the Bank within ness and operations of the Bank within ness and operations of the Benk within the meaning of subparagraph (vi) of Condition 9 of the Terms and Conditions of the Notes, Purguant to the further provisions of Condition 9, the Holders of Notes of at least 30 1/3% in aggregate principal amount of the Notes outstanding may, by written notice to the sour-and the undersigned Fiscal Agent, declare the principal of all the Notes to be due and payable.

The Bank of New York
as Fiscal Agent
Point: October 6 1994

The Bank of New York
Point: October 6 1994 Dated: October 6, 1994

Notice of Event of Default Banca Cremi, S.A. 8.375% Notes Due 1995 Pursuant to the provisions of Con-ditions 9 and 11 of the Terms and Con-ditions of the 8.375% Notes due 1995

(the "Noise") issued by Banca Crems, S.A. (the "Issuer"), nonce is hereby given of the occurrence, on about September 6, 1994, of an "Event of Default-described in subparagraph (vf) of Conditions.

According to an anoncement made According to an announcement made by the Munstry of Furance and Public Credit of Meson on September 6, 1994, the Minstry has instituted a manager-al intervention by the National Banking al intervention by the National Banking Commission ("NBC") of Mexico of all of the entities forming a part of the Cremi-Union Financial Group, includcremi-Union retainad Carolin, includ-ing the Issuer. According to the Minis-try's amouncement, a "managenal in-tervention" involves the substitution of existing management of the entities by broadly empowered appointees of the NBC. Such action appears to constitute an assumption by the government of Mexico or an authority thereof of the business and operations of the Bank within the meaning of subparagraph (vi) of Condition 9 of the Terms and onditions of the Notes. Pursuant to be further provisions of Condition 9, he Holders of Notes of at least 33 1/3%

in aggregate principal amount of the Notes outstanding may, by written no-tice to the Issuer and the undersigned Fiscal Agent, declare the principal of all the Notes to be due and psyable. The Bank of New York
as Fiscal Agent
Osned: October 6, 1994
VORK Dated: October 6, 1994

The Financial Times plans to publish a Survey on

Bolivia

on Wednesday, November 9.

With over ten years of economic and political reform to its credit and the recent inauguration of its third successive democratic government, Bolivia is an increasing strength in Latin America. The survey will report on the country's economy political scene, financial markets, privatisation policy and more.

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FT Surveys

930 24,920 3,367

12,967

5,997 9,898

8.282

105,102

1246 35,029 6,151 1304 20,683 3,443 1338 6,816 295 1369 2,831 5 1398 1,298 5 1435 4,965 2

3530 9.586 3.535

2,529 1,276 123

14,988 4,538 7,812 1,905

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75,390 8,886

Oct Dec Feb Apr Jos Aug Total

Feb Mar May Jud Aug Total

Strike price S tonne

E ALIBAINIUM

1825.

1675

2500

3600.

■ COPPER

(Grade A) LME

SE COFFEE LCE

E COCOA LCE

MEAT AND LIVESTOCK

Sett Day's price change High

LIVE HOOS CME (40,000/bs: centr/lbs)

E LIVE CATTLE CME (40,000bs, conterbal

97.375 -0.425 67.900 97.300 13.507 68.575 -0.150 68.050 68.525 34.752 67.750 +0.025 68.075 67.650 15.514 68.000 -0.175 68.275 67.650 10.752 64.675 -0.200 64.925 64.650 2.519 64.025 -0.275 64.400 64.000 1.223

34.150 -0.375 34.900 34.100 3.243 35.575 -0.250 34.300 35.550 16.035 37.300 -0.525 38.075 37.275 6.371 37.350 -0.200 37.900 37.300 31.80 43.050 -0.025 43.250 42.900 1.537

E PORK BELLIES CME (40,000bs; conto/bs)

LONDON TRADED OPTIONS

40.225 -0.275 40.825 39.855 8.290 2.598 40.425 -0.200 41.000 39.900 853 139 41.400 -0.150 42.800 41.075 247 44 42.150 -0.200 42.800 41.800 240 30 41.300 -0.200 42.800 41.800 555 12

2,619 1,223 68,529

39 42 58 81 69

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WEEK IN THE MARKETS Brazil rain hits coffee futures

Coffee prices tumbled at the London Commodity Exchange esterday as reports of rain in Brazilian growing areas 'spooked" speculators holding long positions.

The market had been set up for a big fall by an overnight plunge in New York prices. That had been factored into London values by the midday close, when the January posi tion was quoted at \$3,675 a tonne, down \$168, traders told the Reuters news agency. But the sellers were not yet done. As New York prices fell still further in early business LCE futures followed suit, and with more rain reported in Brazil the close the January price was down at the close to \$3.523 a tonne, having lost \$320 on the day and \$332 on the week. At one stage it dipped to a sixweek low of \$3,499 a tonne.

"There has been a lot of nervousness and people do tend to panic a little when they have seen the rain," one trader explained. "If we see more rain over the weekend, we will come in Monday and be under pressure again."

At the London Metal Exchange copper and zinc values lost ground yesterday. But the relatively modest declines, which dealers attributed chiefly to profit-taking, left them both with net rises on

Copper prices began on Tuesday to claw back the heavy falls suffered late last week after an earlier strong advance boiled over. At yesterday's close the three months delivery position stood at \$2,535 a tonne a tonne, up \$44.50 overall but \$43 short of last week's 3%year high. Scarcity of supplies available for immediate delivery kept the cash quotation at

a premium to three months. The three months price had peaked at \$2.542 a tonne early in the day after the announcement of a big fall in LME warehouse stocks. But that had

eekiy ddice chances

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

been widely expected and the price slipped back to \$2,524 before buyers were tempted back into the market in any numbers. The sellers regained the upper hand, however, once the afternoon ring was over. In after hours trading the price was hovering only a few dollars above \$2,500 a tonne.

"The market is still nervous after last week's sell-off and it still fears a further wave of investor liquidation," a trader told Reuters. The zinc market has been

lagging the other LME n for most of this year as tinuing overproduction	con-	
THE WARRENCH STOCKS		

LIME WAREHOUS (As at Thursday's connes		
Ateminium Aluminium alioy Copper Lead Nickel Zinc Tin	-24,950 unchgd -12,000 -1,575 +1,392 +4,350 +50	to 2,267,800 at 25,560 to 347,375 to 388,790 to 146,352 to 1,237,250 to 32,185

therefore, rising stocks have weighed down sentiment. But this week the investment funds that have been so influential in the recent strength of the copper and aluminium markets appeared to decide that it was time for this metal to benefit from their ministrations. A sharp price jump in mid-week was trimmed back slightly yesterday following another rise, though a relatively modest one, in LME stocks, but at the close the three months quotation was still showing a \$40.25 rise on the week at \$1,069.75 a

Dealers suggested that the market was poised for further gains to push it past the 20-month high reached on Thursday.

Aluminium prices mean-while headed back towards their recent highs, encouraged by European merchant demand. The three months afternoon ring close of \$1,651.25 a tonne yesterday, near the day's high, was up \$3.75 on the day and \$33.75 on the week. But the price edged back below

\$1,650 in after hours trading. Fears of US interest rate rises put the gold price under pressure early yesterday. But supported at \$392 a troy ounce

held once again.

	Latest	Change	Year	19	94
	prices	on week	ago	High	Low
Gold per troy oz.	\$392.70	-1.10	S357.25	\$396,50	\$369.50
Silver per troy oz	356.00p	+0.40	286.50p	384.50p	331.50p
Aluminium 99.7% (cesh)	\$1634.5	+42.0	\$1095.5	\$1634.5	\$1107.50
Copper Grade A (cash)	\$2542.0	+65.0	\$1674.0	\$2542,00	\$1731.50
Lead (cash)	\$633.5	+13.0	\$371.0	\$821,5	\$426.0
Nickei (cash)	\$6665	+300	\$4512,5	\$6665	\$5210.0
Zinc SHG (cash)	\$1049.5	+43.0	\$889.5	\$1053	\$900.5
Tin (cash)	\$5385	+70	\$4880	\$5650.0	\$4730.0
Cocoa Futures Mar	5369	-49	£915	£1124	2859
Coffee Futures Jan	\$3523	-332	\$1173	\$4091	\$1175
Sugar (LDP Raw)	\$308.50	-5.10	\$266.5	\$316,4	\$252.9
Barley Futures Jan	2104.60	-0.95	2103.75	£105.50	592.65
Wheat Futures Jan	£106.50	-0.50	2101.35	£117,50	£97.80
Cotton Outlook A Index	73.60c	-0.20	55.20c	87.10c	62,45c
Wool (64s Super)	438p	-15	323p	485p	342p
Oll (Brent Blend)	\$17.21x	+0.56	\$17.19	\$18.61	\$13.16

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgemeted Metal Trading) ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Cash	3 mths
Close	1634-5	1651-1.5
Previous.	1628.5-9.5	1647-8
High/low		1654/1639
AM Official	1629-30	1645-5.5
Kerb close		1645-8
Open int.	255.008	
Total daily turnover	55,645	
alumintum allo	OY (5 per tonne	9)
Close	1677-82	1692-5
Previous.	1660-7D	1683-5
High/low	1680	1700/1680
AM Official	1655-60	1675-80
Kerb close		1675-85
Open Int.	3.005	
Total daily turnover	173	
■ LEAD (\$ per tonne	<u> </u>	
Close	633-4	647-B
Previous	627,5-8.6	642-3
High/low		648/643
AM Official	B31.5-2	645.5-6
Karb close		646-7

Open int. Total desiy turnover ■ NICKEL (\$ per torme) 6765-70 6680-90 6800/8700 6795-800 High/low AM Official 6685-95 71,417 18,429 TIN (\$ per torne) 5380-90 5380-5 5460-70 5460-5 5525/5445 High/low AM Official 5385-90 5465-70

Open int. Total delly turnove 15,897 2,852 # ZINC, special high grade (\$ per tonne) 1049-50 1052-5-3.5 1089.6-70 1074-5 High/low AM Official Karb close 1045-6 Open int. Total daily turnover 101,283 ■ COPPER, grade A S per tonne 2541.5-2.5 2540-1 2542 2540.5-1 2534,5-5.5 2537-8 High/low AM Official 2545/2519 2532-3 2520-2

LME Closing £/\$ rate; 1,5900 Spot: 1.5870 3 milits: 1.5860 6 milits: 1.5826 9 milits: 1.5782 # HIGH GRADE COPPER (COME) Day's Close thange High low 116.70 115.25 -1.90 118.25 116.50 2.236 -1.70 117.10 116.80 1,038

114,65 -1.70 118.70 114.10 38.767 114.15 -1.50 115.75 115.15 733 113.85 -1.60 - 438 113.25 -1.50 115.00 112.90 8,121

PRECIOUS METALS

(Prices supplied b	y N M Rothsci	niid)
Gold (Troy oz.)	\$ price	£ equity.
Close	392,50-392	90
Opening	392,70-393.	10
Morning lix	392.85	247.060
Afternoon fix	392.00	248.309
Day's High	394,20-394	80
Day's Low	389,60-390.	00
Previous clase	391.80-392.	30
Loco Ldn Mean (Bold Lending A	lates (Vs USS)
1 month	4.60 6 ma	nths
2 months	4.67 12 mc	onths
3 morths	4.85	
Char Es	nāw or	IIS eta acribi

GRAINS AND OIL SEEDS Precious Metals continued WHEAT LCE (£ per tonne) B GOLD COMEX (100 Troy oz.; \$/troy oz.) Day's change High Low -0.65 104.75 104.25 -0.65 108.75 108.40 -0.55 108.60 108.40 -0.50 110.85 110.45 -0.50 159 2116 108.50

454 ■ SILVER COMEX (100 Tray oz.; Cents/troy oz.) -1.8 - 5 -1.8 - 5 -1.8 572.0 557.0 95,541 -1.8 570.0 44 -1.8 580.5 566.0 10,960 -1.8 585.0 575.0 4,594 13 Oct Nov Dec Jen Mar May Total 9,954 360 50 19,387 573.4 **ENERGY** M CRUDE OIL NYMEX (42,000 US gatis. S/barrel)

COMMODITIES AND AGRICULTURE

Opea let +0.29 18.64 +0.27 18.75 +0.23 18.73 +0.21 18.70 +0.20 18.54 +0.16 18.65 18.22 78,845 18.34 83,379 18.40 58,780 18.40 24,237 18.49 21,522 18.48 16,199 29,706 12,982 3,852 3,124 663 86,167 E CRUDE OIL IPE (\$/barre) Open +0.21 17.32 17.04 59.481 19.856 +0.18 17.37 17.12 55.496 12.804 +0.15 17.37 17.14 21.735 2.421 +0.17 17.31 17.12 10.026 12.804 +0.14 17.26 17.08 7.900 330 17.23

1.525 -0.022 1.650 1.616 28,308 1.930 -0.028 1.955 1.925 29,019 2.050 -0.008 2.057 2.045 16,915

1.990 -0.005 2.000 1.985 14,847 1.950 - 1.955 1.940 11,552 1.915 +0.005 1.920 1.910 7,084

56.05 +0.40 56.20 55.70 10.093 56.25 +0.50 56.25 55.85 4,952 66.95 +0.15 56.65 56.65 1,838 60.20 +0.16 50.30 59.90 3,690

III UNLEADED GASOLINE

Latest Day's

NYMEX (42,000 US palls.; C/US galbs.)

+1.24 +0.71

2.159 1,590

775 491 147

13,69

2,140 613 300 538 24,159

151,019

Open int

Ļon

48.55 47.00 26,393 56.80 56.00 15.879

224,986 63,895 ■ GAS OIL PE (\$/20

MATURAL GAS NYMEX (10,000 meneru; \$/mmeru)

III LONDON BUILLION MARKET

380.30 385.95 386,10 Jan Feb Mer Apr Total 6 months 1 year 580.95 599.90 S price 394-397 £ equiv. 248-251 Krugerrand Maple Leaf 403.45-406.00

-1.3 3925 392.0 -1.3 -1.3 397.2 392.011 -1.3 480.5 395.5 3 1,947 1,435 1,448 253 35 7,212 392.0113,165 17,675 385.5 20,070 276 401.2 7,177 24 403.5 10,354 442 108.45 110.50 112.55 403.1 E PLATINUM NYMEX (50 Tray oz.; \$/tray oz.) M WHEAT CST (5,000bu ming cents/60b) b -0.3 421.0 419.0 252 -1.1 425.3 422.2 19.391 -1.1 429.5 427.0 2.914 -1.1 - 512 -1.1 - 335 -1.1 - 2 +4/6 413/2 +5/2 421/0 +5/4 294/4 +2/6 358/0 +2/6 361/0 +2/4 370/0 409/0 47,389 416/6 21,757 389/2 3,040 354/0 6,792 358/4 173 368/0 110 21,757 2,340 2,3040 575 6,792 1,129 173 10 110 36 79,267 11,525 423.5 427.3 430.8 433.5 438.5 23,448 1,815 M MAIZE CST (5,000 bu min; cents/56tb bushel) E PALLADRUM NYMEX (100 Troy oz.; \$/troy oz.) -144 216/2 214/0132,649 27,083 -1/0 225/4 223/6 49,308 6,413 -1/0 223/0 231/0 20,993 3,719 -1/2 23/6 236/0 23,269 5,766 -1/2 242/6 241/0 1,743 245 -1/4 248/2 245/4 8,687 1,840 -0.95 156.30 154.20 4.951 -0.95 156.50 155.75 1,410 -0.95 156.50 155.75 1,510 -0.95 152 8,513 214/2 224/0 M BARLEY LCE (£ per tonne) 102.90 -0.39 103.00 102.75 104.60 -0.80 105.00 104.75 106.65 -0.70 107.00 107.00 -0.75 -0.00 -0.75 95.00 +1.00 -0.75 97.00 +1.29 -0.75 448 392 125 45 2 Nov Jac Mary Sep Hor Total 1.011 45 -36 5336 527/0 74.941 23.291 -40 5436 537/2 25.189 4.681 -36 5534 5474 16.200 4.779 -36 5534 5474 16.200 4.779 -36 5584 5834 14.091 5.083 -30 571/4 5864 418 33 527/2 39.913 145.318 SOYABEAN Off. CBT (60,000lbs: cents/fb) 24.77 +0.18 24.84 24.56 8,823 2,831 23.65 -0.01 23.83 23.58 39,171 12,504 23.30 -0.08 23.55 23.28 10,881 2,346 23.11 -0.08 23.55 23.08 12,380 4,658 22.68 -0.08 23.20 22.55 8,118 1,345 22.66 -0.08 23.08 22.55 5,884 1,140 E SOYABEAN MEAL COT (100 tons; \$/ton) 0.2 160.8 159.8 3,859 -0.6 161.7 160.4 45,610 -0.7 163.3 161.9 14,528 -0.9 168.0 167.6 7,105 -1.3 172.8 170.9 5,655 -1.3 172.8 170.9 5,655 159.9 160.5 162.0 165.0 167.7 171.1 189,793 38,400 HEATING OIL HYMEX (42,000 US gails; c/US gails.) 92,024 POTATOES LCE (E/tonne) 50.95 +0.71 51.20 50.31 55.970 51.90 +0.55 52.10 51.35 42.505 52.70 +0.55 52.80 52.35 31.482 52.35 +0.65 53.40 52.00 18,134 52.95 +0.45 53.00 52.80 12.286 52.30 +0.45 52.30 52.20 4,715 150.0 105.0 216.5 Hor Har Apr Hay Jan Total 4,128 1,377 868 758 398 15,686 -2.3 225.0 217,0 1,203 238.0 107.5 FREIGHT (BIFFEX) LCE (\$10/index point) 1795 1775 1795 1760 1735 1505 1,010 595 112 price change reggt 1.0w mt 158.75 +4.25 159.25 155.25 24,782 160.75 +3.75 161.50 157.50 25,017 162.25 +3.25 160.32 160.00 21,709 163.50 +3.00 164.50 161.50 15,405 164.25 +3.00 164.50 162.50 6,046 164.00 +2.75 184.25 160.25 5,997 184.25 160.25 5,997 1715 1699 1500 3,268 1,998 677 598 睭

IR No7 PREMIUM RAW SUGAR LCE (cents/lbs) Jan Mar May Total 12.78 M WHITE SUGAR LCE (Stonne 331.30 +1.90 331.50 328.50 3,825 330.90 +1.20 331.20 323.70 7,965 330.30 +1.30 330.90 328.30 1,482 330.30 +1.30 330.40 328.70 1,631 314.30 +0.90 -401 313.20 +0.90 -4 Dec Mar Bhay Ang Oct Dec Total SUGAR 111 CSCE (112,000fbs; cents/fbs) 12.47 +0.06 12.49 12.35 95,908 3,199 12.49 +0.05 12.50 12.39 17,099 872 12.40 +0.06 12.41 12.29 11,449 754 12.15 +0.06 12.18 12.06 9,097 259 +0.05 12.50 12.39 17,099 +0.06 12.41 12.29 11,449 +0.06 12.16 12.06 9,097 +0.06 11,80 11,76 1,485 251 E COTTON NYCE (50,0009bs; cents/lbs) 68.85 -0.73 68.25 67.00 198 33 67.45 +0.07 68.40 67.20 27,800 3,948 69.12 +0.07 69.00 68.95 11,915 930 70.30 +0.05 70.65 70.30 8,529 266 71.15 +0.05 71.80 71.15 3,963 122 68.70 -0.25 69.17 68.70 544 2.56 ■ ORANGE JUICE NYCE (15,000/be; cents/fbs) 91.05 -0.05 92.90 90.90 8,096 900 94.40 -0.05 96.30 94.30 9,253 875 97.80 +0.10 99.35 97.80 4,880 206 101.50 -1.20 103.00 13.60 1,161 20 105.00 +0.20 106.00 108.00 618 13 106.00 +0.40 108.75 108.75 216 10 22,698 2,024 Spices
Prices of black and white peoper reached record highs this week, siftough the market activity was less active, reports Man Producter. Most buyers who Itad no immediate need to replanish stocks adopted a "walt-and-see" attitude. That was quite logical ether the breath-taking price rise of some 30 to 35 per cent during September for most grades of black peoper. The price of black ASTA reached US3,100 a tome in the US market, write in the European market the "tag" grade reached \$2,500. White peoper prices in Indonesia were INDICES

SOFTS

E COCOA LCE (E/tonne)

\$24 \$88 \$\$2 \$\$5

E COCOA CSCE (10

1253 1309

M COCOA (ICCO) (SDR's/tonne)

S COFFEE LCE (\$-Norme

Det May Jul Sup Det Total

0¢Ł 6

Day's change

-10 -11 -11 -11 -11 -13

-21 -14 -14 -14 -15 -5

-320 -320 -339 -277 -285 -274 3820 3790 3710 3880 3490

■ COFFEE 'C' CSCE (37,500ths: cer45/fbs)

E COFFEE (CC) (US cents/pound)

182.90 12.85 198.25 188.50 18.270 8.709 197.00 13.30 203.50 194.00 10,145 2,149 209.90 -6.00 209.90 209.90 4,001 180 210.95 -6.00 210.95 210.95 1,342 44 217.50 -6.00 210.95 210.95 866 88 211.90 -6.06 211.90 211.90 841 66

■ CRB Futures (Base: 1967=100)

Oct 6 230.26

month ago 2092.5

BRENT CRUDE IPE Nov Dec 79 39 14 168 218 LONDON SPOT MARKETS CRUDE OIL FOB (per barrel/Nov) +0.215 +0.290 \$16.07-6.151 Brent Blend (dated Brent Blend (Nov) W.T.I. (1pm est) \$16,95-6.97 \$18.57-8.591 872 754 259 115 +0.315 ■ Oil PRODUCTS NWE prompt delivery CIF [tonne) +2.0 \$173-176 \$163-164 \$91-94 \$167-168 Gas Oil Heavy Fuel Oil Naphtha Jet fuel +30 +5.5 (071) 359 8792 R OTHER Gold (per troy oz)\$
Silver (per troy oz)\$
Platinum (per troy oz.)
Palladium (per troy oz.) +0.90 +2.5 -1.15 544 25 52,448 5,365 564.5c Copper (US prod.) Lead (US prod.) Tin (Kusia Lumpur) Tin (New York) 123.0c 39.25c 13.69c 252.5c +1.0 +0.10 Cattle (itve weight)† Sheep (itve weight)†‡ Piga (itve weight) +0.16* 117.550 94,43p 75,81p +5.68 -1.08 Lon. day sugar (raw) Lon. day sugar (wte) Tate & Lyle export \$308.50 \$278.00 £306.00 -0.90 -0.90 -1.00 Barley (Eng. feed) Maize (US No3 Yellow) Wheat (US Dark North) Unq. \$136.0 Unq. 94,75p 94,25p 352,5m +0.76 +1.5 Rubber (KL RSS Not Jul Coconut Oil (Phil)§ Palm Oil (Metay.)§ Copra (Phil)§ +12.5

٠

Est. vol. Open int.

396,320 25,886 10,901

5.07 3.85 4.04

8.89

Low

Sep 30

722.2 115.5

13

193,290 1,539 205

1.97

Oct 3

80.2 111.3

LOW

Thur Oct 6

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92,6000	-0,590	10.20	10.30	9.47
Belglum		7.250	04/04	91,5500	+0.090	6.57	8.53	8.69
Canada *		6.500	Q6/04	63,7000	+0.050	9.07	8.86	9.05
Denmark		7.000	12/D4	86,7700	+0.500	9.04	9.02	9.25
France E	TAN	B.000	05/98	101.1250	+0.126	7.59	7.48	7.33
	OAT	5.500	04/04	82,4800	+0.450	8.22	8,12	8.08
Germany Treu		7.500	09/04	98.4700	+0.230	7.72	7.63	7.59
Italy		8.500	08/04	80.2000	-0.690	11.98†	11.45	12.29
Japan No	110	4.800	06/99	102,7400	-0.290	4.11	3,89	3,91
•		4,100	12/03	95,7770	-0.490	4,76	4,54	4.49
Netherlands		5.750	01/04	87.6300	+0.190	7.66	7.56	7.42
Spain		8.000	05/04	81.3500	+0.090	11.25	11.1B	11.22
UK Gits		6.000	08/99	89-29	-1/32	8.58	8.63	8.47
		6.750	11/04	86-26	-7/3 <u>2</u>	8.73	8.81	8.82
		9.000	10/08	102-10	-7/32	8.71	8.77	6.78
US Treasury *		7.250	08/04	98-19	-21/32	7,75	7.62	7.42
=		7.500	11/24	94-28	-32/32	7.95	7.83	7.60
ECU (French G	ovtj	6.000	04/04	82,6300	+0.150	8.75	8.67	8.61
London closing, 1 1 Gross (including			12.5 per	cent paytible	by nones		ocel med	et standa
Prices: US, UK In							ي. 446	Internation

ECONOMIC DIARY - FORWARD EVENTS

TOMORROW: Austrian general elections. Belgium holds local

MONDAY: Credit business (August). Producer price index numbers (September). Conference on Security and Co-opera-tion in Europe (CSCE) review conference in Budapest to prepare documents for approval by CSCE summit on December 5 and 6. European Union economic and financial council meets in Luxembourg to dis-cuss recommendations for meeting Maastricht criteria. Israel and Jordan resume peace talks at the Dead Sea. World conference on tobacco and and health in Paris (until October 14). Columbus Day holiday in the United States -some markets closed. Preliminary figures to be announced by Lucas Industries.

TUESDAY: Conservative Party holds annual conference in Bournemouth (until October 14). General strike expected in Pakistan. Announcement of Nobel Prize for economics. WEDNESDAY: Retail prices index (September). Labour

market statistics: unemployment and unfilled vacancies

(September-provisional); average earnings indices (Augustprovisional); employment, hours, productivity and unit wage costs; industrial disputes. Labour force survey (key results) (June-August). Index of production and construction for Wales (second quarter). European and east Asian eco-nomic summit in Singapore. THURSDAY: New earnings survey 1994 Part B: analyses by agreement. Machine tools (August). Capital issues and redemptions (September). US producer price index (September). Bundesbank council meets in Frankfurt.

FRIDAY: Usable steel production (September). Overseas transactions of UK consultancy firms (1993). US consumer price index (September): industrial production and capacity utilis-ation (September) and real earnings (September). Japan wholesale price index (September); bank data (September). Italian trade unions hold gen-eral strike in protest against 1995 budget. Vietnam's National Assembly starts new session. Announcement of 1994 Nobel Peace Prize.

CHARTS - DATA - ANALYSIS - MONITORING 3000 + SECURITIES UK. CURRENCIES, INDICES - 25 + INDICATORS P&F, Averages, Bar Charts. Obos, Miesels etc. Pick from a wide range. Contact: CHART WATCH Tef: 0272-682439 Fax: 0272 - 682439 CHART WATCH 1 Rockleaze, Sneyd Park, Bristol BS9 1ND

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US INTEREST	RA	TES			
Lunchame		Treasur	y Bills	and Bond Yields	
Prime rate	74 65 44	One granth	4.85 4.89 5.13 5.64 6.10	Two year	6.74 7.05 7.45 7.79 7.97
BOND FUTUR	ES .	AND OPTIONS			
France					
M NOTIONAL FRENC	H 80	ND FLITURIES (MATER			

110.10 109.36 108.60 +0.36 +0.36 +0.36 110.14 109.10 108.04 109,42 108,76 108,02 142,906 7,997 354 III LONG TERM FRENCH BOND OPTIONS (MATIF PUTS Dec 1.35 1.87 2.49 3.21 4.09 CALLS 1.42 0.91 0.56 0.30 110 111 112 0.94 0.45 0.20 0.06 1.60 0.86 1.41 2.52 0.19

MOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100% Sett price Change High Est vol Open int. 88.10 88.49 67.17 161019 246 162545 2511 88.40 87.67 +0.20 +0.20 87.88 ■ SUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

CALLS - Jan 1.16 6 0.93 PUTS Mar 1.50 1.28 Nov 0.54 0.76 Jan 1,49 1.78 Dec 0.94 0.66 0.45 1.63 2.09 2.38 1.34 0,94 1,16 1,42

M NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Life 200m 100ths of 100% Sett price Change Est. vol Open int. Open High Low -0.47 -0.52 I (TALIAN COVT. BOND (STP) FUTURES OPTIONS (LIFFE) Lire200m 100ths of 100% PU118 2.87 2.65 2.43 9700 9750 9600 2.10 1.82 1.57 1.72 3.23 1.94 2.19 3.51 3.79

Est. vol. Open int. High Sett price Change +0.14 86,37 29,812 76,724 MOTIONAL UK GILT FUTURES (LIFFE) 1250,000 32nds of 100% Est. vol Open Int. Sett price Change High Low 89-04 88-23 80313 97159 100-14 99-26 +0-26 100-18

 I_{i}

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

E LONG GILT FUTURES OPTIONS (LIFFE) \$50,000 \$4ths of 100% Strike Price 100 101 102 CALLS PUTS Mar Ma Dec 2-57 3-29 1-62 1-29

\$2,500. White pepper prices in Indonesta were firmer, mantly because of the expected nega-tive influence of very dry weather there. Spot Muntok write was at \$3,500 a tonne. A period of conspiciation or even correction may now be on the cards, after which we expect prices

ECU BOND FUTURES (MATIF) Sett price Change Est. vol. Open int. 79.50 79.52 79.08 974 8.325

FT-ACTUARIES FIXED INTEREST INDICES F# Oct 7 7hur Oct 6

Index-linked

M NOTIONAL LONG TERM JAPANESE GOVT, BOND FUTURES (LIFFE) Y100m 100ths of 100% Open Close High Law Est. vol. Open int. 106.67 3845

Latest

97-20 96-30 96-04

Change

-0-03 -0-03

High

98-01 97-11 96-15

Open 97-21

Up to 5 years (24) 5-15 years (22) Over 15 years(8) Intelegrables (6) 119.89 138.26 154.55 176.06 138.02 119.55 137.46 153.42 175.51 135.33 2.13 1.72 2.38 3.78 2.01 6 Up to 5 years (2) 7 Over 5 years (11) 8 All stocks (13) 8.39 10.29 9.81 8.83 9.62 128.14 125.60 +0.43 yield High Oct 7 Oct 6 Yr ago Oct 6 Yr ago Oct 7 Oct 6 Oct 7 LOW LOW 8.70 8.69 8.64 8.70 8.95 (20/9) 8.89 (20/9) 8.81 (20/9) 8.85 (20/9) 5.57 (19/1) 6.30 (20/1) 6.41 (20/1) 6.52 (24/1) 6.45 9.01 (20/9) 7.12 9.05 (20/9) 7.18 9.05 (20/9) 8.63 8.61 8.57 8.69 Up to 5 yrs over 5 yrs flation rate 5% 4.08 3.89 2.52 3.14 2.13 (4/1) 2.85 (20/1) 3.00 3.71 3.00 (5/10) 1.19 (16/2 3.79 (21/6) 2.70 (20/1 7.74 10.07(20/9) 7.19 (10/1) 9.73 8.05 9.98 (20/9) 7.39 (20/1) 9.72 8.19 9.90 (20/9) 7.49 (10/1) 9.68 FT FIXED INTEREST INDICES GILT EDGED ACTIVITY INDICES Oct 7 Oct 6 Oct 6 Oct 4 Oct 3 Yrago High Low Oct 6 Oct 5 Govt. Secs. (UR) 90.78 90.63 90.18 90.22 90.04 102.68 107.04 88.54 Fixed Interest 107.23 107.02 106.98 106.93 107.17 124.21 133.87 108.60 for 1934, Government Securios high since complicator: 127.40 (47/75), low 48.18 (31/75). Fixed Interest 128.8 SE activity Indices rebased 1974. Gift Edged bargains 5-day average at high since completion: 13 69.0 104.2 76.9 85.1

UK GILTS PRICES ... Yiefd 1894 ... Notes __ int _ Red _ Price E + or _ _ High _ Low ... Yield ... Int Red Price £ + or − 7.60 77.6 8.64 18452 8.72 8872 8.72 9874 8.81 104124 9.12 1202 8.72 8233 8.79 8474 9.16 11453 8.73 9825 9.13 12743 8.70 102754 41 05.6 02.4
+1 05.6 02.4
+1 105.4 101.6
+2 105.4 102.4
+3 105.4 102.4
+3 105.4 102.4
+3 105.4 102.4
+3 111.5 102.4
+4 111.5 113.6 113.4
+4 135.6 112.4
+4 151.6 124.5
+4 151.6 124.5 Funding 3¹2pc 1999-4... Conversion 9³2pc 2004... Trees 6³4pc 2004‡‡... 4.85 9.10 7.77 8.64 9.07 10.37 8.34 8.50 10.24 8.65 10.60 8.79 4.28 198 3.70 107 Å m 3.63 165 ½ 1.66 167 Å 3.65 169 Å m 3.67 151 Å 3.67 151 Å 3.68 129 Å 1.91 137 Å 3.91 131 Å m 3.83 108 Å 3.83 108 Å 3.83 108 Å 5.5 100% 5.78 100% 5.78 100% 7.08 105% 7.08 105% 7.08 105% 7.09 105% 7.99 97% 7.90 97% 8.10 105% 8.1 103년 107点 903년 1173년 1173년 1173년 1174년 1106년 1314년 1184년 1184년 1184년 1184년 1184년 1184년 子 | | 传音音 | 传音传音·传音传音传音传音传音 Tress 124,pc 1995±
14pc 1996±
154,pc 1996±
154,pc 1996±
154,pc 1996±
174,pc 1996±
174,pc 1996±
174,pc 1997±
1 Prospective real redemption rate on projected inflation of (1) 19% and (2) 5%. (b) Figures in perertheses show RPI base for indexing 6s 8 months prior to issued and have been adjusted to reflect rebusing of RPI to 100 in Jenuary 1987. Convention feeling 3,846. RPI for January 1994: 141.3 and for August 7994; 144.7. +12 1752 873 +12 983 774 +13 1281 1003 +13 1273 1004 +13 1773 974 +13 1774 983 +14 1284 994 +13 1885 1283 8.69 8.65 8.66 8.39 8.60 8.60 8.58 6.62 8.50 7.81 8.74 8.72 7.45 8.47 8.49 8.61 8.30 Other Fixed Interest 109 136¹2 116 142

Asian Dev 10¹/₄pc 2009
B*ham 11¹/₄pc 2012
Iraland Cap 8¹/₂pc *10
Boc Cap 1998
13pc *97-2
Hydra Quabea 15pc 2011
Leeds 13¹/₄pc 2007
Leeds 1996
LCC Spc *20 An
LCC Spc *20 An
Marchaser *11¹/₄pc 2007
Marchaser *11¹/₄pc 2007 3.40 9.11 9.91 9.53 8.90 7 8.90 7 10.72 10.01 10.72 10.01 10.73 10.01 10.74 10.01 10.74 4.91 4.49 2.40 4.49 4.40 4.49 4.40 4.49 4.40 +4 1284 +4 1214 +4 1014 +6 1214 +6 1214 +6 1224 +6 1224 +6 1124 +6 1124 +6 1124 +6 1124 +6 1124 +6 1124 8.75 8.73 8.69 8.77 105 A 96½ 100 139¾ 126 36½ 32 113 86¾ 130¼ 124¾ 136½ Underted Console 40c War Lean 31₂pc++ Conv 31₂pc ++ AR. Trees 3pc '68 AR. - 45% - 40% - 57% - 34% - 25% 594 543 71 445 384 375 本格 8.64 6.11 8.66 8.60 8.75

MARKETS REPORT

Dollar puzzle

Ambiguous economic data in the US yesterday prevented

which the market had anxiously anticipated all week,

Renewed concerns about tension in Iraq, however, supported the dollar against the yen. The US currency closed in London at Y100.225, from Y99.75. It was the first time in five weeks that the dollar had closed above Y100. The dollar finished against the D-Mark at DM1.5411 from DM1.5444

Elsewhere, the focus staved on the Italian lira and the Finnish markka. The Italian currency weakened after police raided the offices of prime minister Silvio Berlusconi's Fin-invest company. After touch-

93.52

ing a low of L1,020 against the D-Mark, it closed at L1,018,

foreign exchange markets from getting a clear idea of the outlook for the dollar, writes Philip Gawith.

The employment report, from FM3.075 against the D-Mark, it closed at 11,000.

The Finnish currency maintained its recent run to reach FM3.075 against the D-Mark, it closed at 12,000.

FM3.075 against the D-Mark, it closed at 12,000. currencies rose in its wake. Sterling had an uneventful

was such a curate's egg as to leave unresolved the question of whether monetary policy should be further tightened.

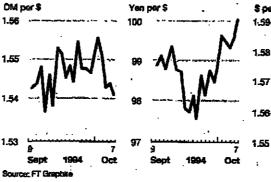
Renewed conserved.

1.5732 1.5775

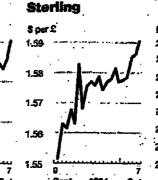
For most analysts, it is a question of when, rather than if, the Fed next tightens. It is now expected to wait for next week's inflation, retail sales and industrial production data before making any move.

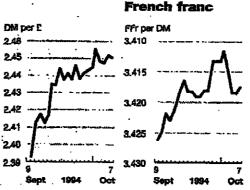
The outlook for the dollar against the year is slightly dif-

Dollar



CURRENCIES AND MONEY





bute the dollar's close above Y100 to the Iraq effect. Tenmarket rates, apparently toler-ated by the Bank of Japan, and hence encouraging speculation that the BOJ might wish to sions in the region pushed oil prices to an eight-week high, and the yen has traditionally suffered from high oil prices. raise official rates, the yen maintained its weaker tone. Mr Brian Marber, a technical

Mr Mike Gallagher, of the financial consultancy IDEA. said a re-rating of the yen was clearly underway. Having been firmly bullish of the currency, the market was now more neu-tral, following last weekend's US-Japan trade agreement.

he said, was now up.

Against the D-Mark, however, Mr Marber was less sanguine. He said he remained of the view that the dollar would The Bank of England provided UK money markets with This view was borne out by

above Y100, the dollar had bro-

ken the downtrend. The inter-

it had already done so against the Swiss franc, and this often tended to lead the dollar on the downside. He predicted that if the dol-

lar closed below DM1.5350, breaking a pattern of five weeks, "it goes down a lot furanalyst, said that by closing ther". Mr Marber said it was not unprecedented for a cur-rency to be rising against some currencies, while weakening against others. mediate trend against the yen,

ferent. Some observers attri- day. Despite firmer money still break downwards. He said £480m assistance, compared to a forecast shortage of £600m. Three month sterling LIBOR was unchanged at 6 per cent. The firmer performance of gilts helped the short sterling market, with the December con-

≡ отн	E OTHER CURRENCIES										
0et 7	٤	5									
Hungary	171,259 - 171,515	107,710 - 107,810									
a	2753.00 · 2756.00										
Kuseek	0.4724 - 0.4739	0.2971 - 0.2979									
Poland Russia	38713.1 - 36813.4 4652.20 - 4660.15	23090.0 · 23140.0 2925.00 - 2930.00									
UAE	5.8353 - 5.8470	3.6715 - 3.5735									

tract finishing at 93.37 from

	mpany						slightly			ment		_	ı yester
Oct 7		Closing	Change on day	GAINST Bld/offer spread		OUNS Mid	One m		Three m		One y		Bank of Eng. Index
Europe								741 12	7400	70171	ГФШ	MIN	CAL HOE
Austria	(Sch)	17.2509	-0.0099	420 - 597	17 274	1 17.2163	17.2465	аз	17.2347	0.4	_		445.0
Belgium	(BFr)	50,4173	-0.0821			50.3120					50.0223	0.8	115.0 116.7
Denmark	(DKr)	9.5909	-0.011		9.617				9.603		9.6197	-0.3	116.7
Finland	(FM)	7.5325	-0.0452	224 - 428	7.5960	7.4950						-	88.1
France	(FFr)	8.3767	-0.0058		8,3880	8.3560	8.3764	0.1	8.3725	0.2	8.3125	0.8	110.5
Germany	(DM)	2.4511		497 - 524	2.4571			0.B	2.4488	0.7	2.4158	1.4	126.1
Greeca	(Dr)	374.154		650 - 657		373,303		-	-	-	-	-	_
treland Italy	(12)	1.0114	-0.0014		1.0137			0.1	1.0116		1.0138	-0.2	105.6
Luxembourn	(L) (LFn	2494.90	+8.88			2487.10		-83	2513.55		2565	-2.8	74.7
Netherlands	(FI)	50.4173 2.7438	-0.0621	951 - 395 426 - 449		50.3120		-0.5	50.3523		50.0223	0.8	116.7
Norway	DNK)	10.6532	-0.0277		2.7486	3 <i>2,7375</i> 3 10,5 9 01		0.4	2.7391	0.7	2.706	1.4	120.8
Portugal	(Es)	250.210		059 - 360		249,619		0.1 -8.3	10.6563 255.12		10.6572	0.0	86.3
Scaln	(Ptai	202.981	-0.363			202.671		-24	204.061	-7.5 -2.1	206.616	-1.B	86.1
Sweden	(SK)	11.6367	-0.0382			11.6250		-2.0	11.7032		11,9167	-24	78.3
Switzerland	(SFr)	2.0318	-0.0018		2.0358			1.8	2.0231	1.7	1.9826	2.4	123.1
UK	· (E)		•						-	-			80.3
ECT	-	1.2823	-0.001	815 - 831	1.2848	1.2802	1.2819	0.4	1.2817	0.2	1.2785	0.3	
SOR†	-	0.923056	-	-			-	_	-	•	-	-	_
Americas													
Argentina	(Peso)	1,5869	+0.002	883 - 874	1.5928	1.5852	-	-	-	-		-	_
Brazil	(PI)	1.3400	-0.0019	388 - 411	1.3427	1.3387	-	-	-	-	-	-	-
Canada	(CS)	2.1432		422 - 442	2.1540		2.1426	0.3	2.1419	0.4	2.1356	0.4	87.7
	w Peso)	5.4354		299 - 40 9	5.4538			-	-	-	-	-	-
USA	(30)	1.5905	+0.0025	900 - 909	1.5965	1.5887	1.5901	0.3	1.5895	0.2	1.5772	0.8	82.2
Pecific/Midd										_			
Austrafia	(AS)	2.1544		530 - 557	2.1645		2.1543	0.0	2.1557	-0.2	2,1739	-0.9	-
Hong Kong	(HKS)	12.2909	+0.0198			12.2772	12.287	0.4	12.2859	0.2	12.298	.00	-
Indle	(Fig)	49.8905	+0.0729	704 - 105		49.8410	470.000						4000
Japan Malaysia	(7)	159.403	+1			158.480	158.923	3.6	157.973	3.6	152.588	4.3	185.9
New Zeelend	(MS) (NZS)	4.0788 2.6291	+0.0028	768 - 807 272 - 309	4.0958 2.6375		2.633	-1.8	2,6408	-1.6	2.6831	-1.3	-
Philippines	(Peso)	40.7158	-1.1284	245 - 086		40.6235	2.003	-1.0	20400	-1-0	2.0001	-1.3	_
Saudi Arabia	(SR)	5.9706	+0.0092	881 - 730	5.8925			-	•	•	-	-	-
Singapore	(SS)	2.3555	+0.0052		2.3628	2.3510				- :			_
S Africa (Com		5.6779		739 - 819	5.6931	5.6719		- :	•				-
S Africa (Rn.)	-, (F)	6.6402	-0.0058		6.8194						_		
South Korea	(Won)	1270.53	+1.56		1275.28					_		_	Ξ
Taiwan	(13)	41.6062	+0.0307	880 - 243	41,7581		_			_	_	_	_
Thailand	(30)	39.8056		929 - 202	39.9560		-	_	-	-	-	_	_
†SDR rates for (but are implied i	Oct 6. Bld/ by current	offer spread Interest rates	s in the Pou	nd Spot table dex esiculated	show only by the Bar	the last than	nd. Basa av	erage 16	285 = 100LB	HJ, Office	and Mid-ea	ucited to	the market oth this and
the Dollar Spot	tables der	ved from Th	€ WWEL	Tiers Close	NG SPOT R	KATES. Son	ne values e	ne round	ied by the	F.7.			

Oct 7		Closing	Change		ofter)		mid	One mo		Three me		One ye		J.P. Mon
		mid-point	on day	spr	read	high	low	Rate	%PA	Rate	%PA	Rate	%PA	index
Ешторе														
Austria.	(Sch)	10.8465	-0.023			10.8890	10.7920	10.8465	0.0	10,8463	0.0	10.7715	0.7	104.
Selgium	(BFr)	31.7000	-0.D88		- 050		31.6130	31.7	0.0	31.71	-0.1	31.77	-0.2	105.
Denmark	(DKI)	6.0303	-0.0162			6.0486		6.0345	-0.8	6.0438	-0.9	6.1003	-12	105.
Priland	(FM)	4.7361	-0.0357			4.7800		4,7361	0.0	4.7388	-0.2	4.7526	-0.3	82.
IZINC9	(FFr)	5.2669	-0.0116			5.2783		5.2685	-0.4	5.2674	0.0	5.2697	-0.1	106.
Semeny	(D)	1.5411	-0.0033			1.5490		1.5408	0.2	1,5393	0.5	1.5317	0.6	106.
3reece	(Dr)	235.2 50	-0.405				234,900	235.55	-1.5	236,125	-1.5	238,625	-1.4	68.
reland	(E)	1.5727	+0.0047			1,5808		1.5725	3,1	1.5724	0.1	1.5572	1.0	
tely	(L)	1568.68	+3.18				1564.63	1573.43	-3,6	1581,38	-3.2	1626.18	-3.7	75.
wembourg.	(LFr)	31.7000	-0.088				31.6130	31.7	0.0	31.71	-0.1	31.77	-0.2	105.
Vetherlands	(FT)	1.7252	-0.0039			1.7290		1.725	D.1	1.7232	0.5	1.7154	0.6	105.
Vorwey	(NKr)	6.6982	-0.0278			6.7500		6.7042	-1.1	6.7217	-1.4	6.7B32	-1,3	98.
ostugal	(Es)	157,320	-0.24				156,580	158.025	-5.4	159.22	-4,8	163.57	-4.0	95.
spaln .	(Ptz)	127.625	-0.425				127.410	127.91	-27	128,38	-2,4	130.975	-2.6	80.
weden	(SKr)	7.3166	-0.0354			7.3712		7.3328	-2.7	7.3841	-2.6	7.5396	-3.0	81.
wizererd	(SFn)	1.2775	-0.0031	770 -	- 780	1.2802	1.2700	1.276	1.5	1,2728	1.5	1.2568	1.6	108.
ж	(2)	1.5905	+0.0025	900 -	- 909	1.5965	1.5887	1.5901	0.3	1.5895	0.2	1.5772	0.8	68.
cu	_	1.2403	+0.0028	399 -	- 407	1.2444	1-2376	1.2395	0.7	1.239	0.4	1.2338	0.5	
DR†	-	1.46468				-	-	-	-	-	-		_	
imericas														
rgentina	(Peso)	0.9978	-0.0003	977 -	978	0.9978	0.9977	_	-	-	-	-	-	
मस्याः	ì FB	0.8425	-0.0025	420 -	- 430	0.8430	0.8420	-	-	-	-	-	-	
anada.	(CS)	1.3476	-0.0007	473 -	478	1.3495	1.3465	1.3477	O.D	1.3471	0.1	1.3539	-0.5	84.
Aexico (Nev	Peso)	3,4176	+0.002	150 -	200	3.4200	3.4150	3.4185	-0.4	3.4203	-0.3	3,4277	-0.3	
ISA	(\$)		_					-	•					95.
ectile/Middle		drica												
ustralia	(AS)	1.3546	+0.0029	541 -	550	1.3559	1.3530	1,3549	-0.2	1.3558	-0.3	1.3829	-0.6	86.
long Kana	a-ncsi	7.7279		274 -		7.7284	7.7274	7.7277	0.0	7.7284	0.0	7.7434	-02	-
idia.	(Rs)	31,3888		650 -		31.3725		31,4538	-3.3	31.5988	-2.9			
2020	m	100,225			250	100,500		99.955	3.2	99,385	3.4	98.73	3.5	148.
lalavsie	(MS)	2.5845		640 -		2.5880	2.5590	2.5653	4.3	2.544	3.2	26175	-2.1	170
ew Zestand	(NZS)	1.6530		523 -		1.6545	1.6523	1.6539	-0.7	1.6558	-0.7	1.6611	-0.5	
hilippines	Pesol	25,6000	-0.75			25,6500		1.0000	-0.1	1.0000		1.0011		
aud Arabia	(SR)	3.7540			545	3.7545	3.7535	3.7553	-0.4	3.7594	-0.6	3,778	-0.6	
					815	1.4850	1.4787	1.4797	•••	3./394 1.477B	0.9	1.471		
ingapore	(SS)	1,4810						1.4797 3.5855	1.1		-4.9	3.6905	0.7	
Africa (Com.)		3.5700		685 -		3.5785	3.5670		-5.2	3.6138		3.09UD	-3.4	
Africa (Fin.)	(FI)	4.1750			850	4.2900	4.1650	4.2087	-9.7	4.2675	-8.9	-		
outh Korea	(Won)	798.850		800 -		799,200		801.85	-4.5	805.35	-8.8	823.85	-3.1	
siwan	(L2)	26.1600			640	26,2010		26.18	-0.9	26.22	-0.9			
alland	(Bt)	25.0285	+0.0085	270 -	300	25.0300	25.0150	25.101	-3.5	25,2285	-3.2	25.7085	-27	

EXCHANGO Oct		AND	DERI	VATIV	ES													
Oct 1		_																
_		BFr	DKr	FFr	DN	睦	·	.	NKr	Es	Pta	3Kr	SFr	2	cs	8	Y	Ecu
	(BFr)	100	19.02	16.62	4,862	2.006	4947	5.441	21,13	496.3	402.5	23.07	4.029	1,984	4.251	3,154	316.2	2.543
ielgium	(DKn	100 52.57	10	8.734	4.002 2.558	1.054	2801	2.860	11.11	280.9	211.6	12.13	2.118	1.043	2.235	1.658	168.2	1.337
lemmerk Fance	(FFr)	80.18	11.45	10	2.926	1.207	2978	3.275	12.71	298.7	242.2	13.88	2.425	1.194	2.559	1.898	190.3	1.531
POLITICA Linco	(DM)	20.57	3.913	3.417	1	0.412	1018	1.119	4.345	102.1	82.78	4.745		0.408	0.874	0.649	65.03	0.523
eland	(IE)	49.86	9.486	8.285	2.424	1	2467	2.713	10.53	247.5	200.7	11.50		0.989	2.120	1.573	157.7	1.268
	ij.	2.021	0.385	0.336	0.098	0.041	100.	0.110	0.427	10.03	8.136	0.466		0.040	0.086	0.064	6.391	0.051
etherlands	íŘi	18.38	3.496	3.054	0.894	0.369	909.2	1	3.883	91.21	73.97	4.240	0.740	0.385	0.781	0.580	58.11	0.487
OUMAN	(NKI)	47,33	9.005	7.885	2.301	0.949	2342	2.576	10	234.9	190.5	10.92	1.907	0.939	2.012	1,493	149.7	1.204
ortugal	(Es)	20.15	3,633	3.348	0.980	0.404	996.8	1.098	4.257	100.	81.10	4.648	0.812	0,400	0.857	0.635	63,71	0.512
peln	(Pta)	24.84	4.726	4.128	1.208	0.498	1229	1,352	5.249	123.3	100.	5.732	1.001	0,493	1.056	0.784	78.56	0.692
waden	(SKI)	43.34	8.246	7.202	2.107	0.889	2144	2.359	9,157	215.1	174.5	10		0.880	1.843	1.367	137.1	1,102
witzeriend	(SFr)	24.82	4,722	4.124	1.207	0.498	1228	1.351	5.244	123.2	99.90	5.726	. 1	0.492	1.055	0.783	78.48	0.631
K	(<u>Σ</u>)	50.41	9.590	8.376	2.451	1.011	2494	2.743	10.65	250.2	202.9	11.63	2.031	1	2.143	1,590	159.4	1.282
eneda -	(C\$)	23.52	4,475	3.909 5.268	1.144 1.542	0.472	1164 1569	1.280 1.725	4,970 6,698	116.8	94,68 127.8	5.427 7.314	0.948	0,467 0.629	1 1.348	0.742	74,38 100.3	0.598 0.806
8	(5)	31.70	6.031 6.018	5.258 5.255	1.542 1.538	0.636 0.634	1569	1.725	6.698 6.681	157.4 157.0	127.6	7.314 7.296	1.274	0.627	1.348	0.997	100.3	0.806
epen	m	31.62 39.32	7.480	6.534	1.912	0.789	1945	2.140	8.307	195.2	158.3	9.072	1.584	0.780	1.672	1.240	124.3	1
cu anjah Kroner, i			7.000										1.00	0.700	1.072	1-2-70	12749	•
					a. 140-04	PC 14,	DOM:											
p-MARK P	FUTURES	(DAMA) DA	125,000	per DM					3 3	APANES	E YEN P	UTURES (MM) Yen	12.5 per	Yen 100			
_	Open	Latest	Change	e Hiigh	Lo	aw I	Est. Vol	Open Int.			Open	Latest	Change	High	L	¢w	Est. vol	Open Int
ec C	1.6480	0.6498	+0.0015	0.653	0 0.6	480	17,358	77,367	Dec		1.0077	1.0031	-0.0045	1.008	7 1.0	1006	13,802	50,829
		0.6506	+0.0013		0.6	484	56	3,935	Mar		1.0148	1.0113	-0.0042	1.014	8 1.0	092	202	3,003
		0.6506	-	-			3	593	Jun		-	1.0257	-0.0036	-		•	132	514
		0.7876 0.7910	+0.0017			870 910	16 3	808 63	Mar Jun		1.5980	1.5900 1.5840	+0.0094	1.598 1.590		5880 5820	44 1	378 8
ит C	1.750	0.7310	70.001															
WORLD	INTER	EST	ATE	S														
IONEY									E T	HPOSE D	ONTH E	URCHARI	FUTUR	ES (LIFFE	DM1	n points	of 100%	
tober 7	Ovi	r One	Three	s Six	One	Lomb	. Dis.	Repo			Open	Sett price	Change	High		OW	Est. vol	Open int
Catalan .	nigi	-			year	Inter.	. rate	rate	Dec		94.60	94.84	+0.01	94.65	94	.58	21517	184879
				5%	68	7.40	4.50		Mer	•	94.20	94.25	+0.02	94.27	94	.19	21884	175694
dgium	47		. =::		64	7.40			Jun		93,77	93.83	+0.02	93.84	93	.77	19953	106040
	43				616	5.00		6.75	Sep		93.40	93.45	+0.02	93,48	93	.37	10792	74021
week ago	5				48	5.00		6.75	E 7	HREE #	ONTH E	UROLIRA	NT.RATI		155 \$ (LIF	FE) L100	Om points	of 1009
SUCO					5.75	8.00	4,50	4.85	_		Open	Sett price	Change	High		DW .	Est. voi	Open in
week ago	5 4.8							4.85				war tales	스마다	Laffe.				
week ago	4.8 4.1	5 4.95			5.63	6.00	4.50		B		-	00.04	0.00	00.00		40		9200
week ago many many many	4.8	5 4.95 5 4.95	5.18	5.23	5.63 7%	6.00	4.30	6.25	Dec		90.38	90.34	-0.08	90.36 80 86		.18	5184 2145	32900 18917
week ago week ago annany	4.8 4.1 43 43	5 4.95 5 4.95 6 5%	5.18 6 <u>2</u> 6 <u>4</u>	5.23 64 64	5.63 7% 7%	-	_	6.25 6.25	Mar		90.38 89.64	89.63	-D.07	89.86	89	.49	2145	32900 16917 15339
week ago week ago week ago stand week ago	4.8 4.1 43 43 8.	5 4.95 5 4.96 6 5% 6 5% 6 5%	5.18 6 <u>2</u> 6 <u>4</u> 879	5.23 6 <u>4</u> 6 <u>4</u> 9 <u>4</u>	5.63 7% 7% 10 <u>2</u>	=	7.50	6.25 6.25 8.20	Mar Jun		90.38				88 88			16917
ance week ago emmeny week ago eland week ago ely week ago	4.8 4.1 43 43 8.	5 4.95 5 4.95 4 57 4 57 4 84 84	5.15 6 <u>3</u> 6 <u>4</u> 875 8 <u>4</u>	5.23 6 <u>4</u> 6 <u>4</u> 9 <u>4</u>	5.63 7% 7% 10 <u>4</u> 98	=	7.50	6.25 6.25	Mar Jun Sep	urge 12	90.38 69.64 89.06 88.65	89.63 89.05 88.67	-0.07 -0.09 -0.09	89.86 89.07 88.67	88 88 88	.49 .96 .58	2145 1017 304	16917 15339 15316
ance week ago emmeny week ago eland week ago ely week ago etterlands	4.8 4.1 43 49 8. 8.	5 4.95 5 4.95 4 5% 4 5% 4 5.02	5.18 6 <u>3</u> 6 <u>4</u> 8% 8 <u>4</u> 5.24	5.23 64 64 94 9 5.38	5.63 7% 7% 104 98 5.84	=	7.50 7.50 5.25	6.25 6.25 8.20	Mar Jun Sep	HREE 1	90.38 89.64 89.06 88.65 ONTH E	89.63 89.05 88.67 URO SWAS	-0.07 -0.09 -0.09 \$ FRANC	89.86 89.07 88.67 PUTUR	88 88 117 22 6	.49 .96 .58 FE) SFr1	2145 1017 304 n points o	16917 15339 15316 of 100%
ance week ago ennamy week ago stand week ago ethertands week ago	4.8 4.1 43 43 8. 8. 4.8 4.8	5 4.95 5 4.95 4 57 4 57 4 5.02 4 5.02 4 5.02	5.18 64 64 8% 84 5.24 5.22	5.23 64 64 94 9 5.38 5.35	5.63 7% 7% 104 98 5.84 5.75		7.50 7.50 7.50 5.25 6.25	6.25 6.25 8.20	Mer Jun Sep EL T	HRIE 1	90.38 89.64 89.06 88.65 ONTH E	89.53 89.05 86.67 URO SWAS Sett price	-0.07 -0.09 -0.09 S FRANC Change	89.86 89.07 88.67 PUTUR High	88 88 926 (LI F	.49 .96 .58 FE) SFr1	2145 1017 304 n points o	16917 15339 15316 of 100% Open int
week ago entrary week ago eather week ago eity week ago eitherlande week ago eitherlande	4.8 4.1 43 6. 8. 4.8 4.8 33	5 4.95 5 4.95 6 5 5 8 6 5 8	5.18 64 85 85 5.24 5.22 4%	5.23 64 64 94 9 5.38 5.35 4%	5.63 7% 7% 104 98 5.84	=	7.50 7.50 7.50 5.25 6.25 3.50	6.25 6.25 8.20	Mar Jun Sep El T	HREE L	90.38 89.64 89.06 98.65 ONTH EI Open 95.61	69.53 89.05 88.67 URO SWAS Sett price 95.85	-0.07 -0.09 -0.09 \$ FRANC Change +0.03	89.86 89.07 88.67 FUTUR High 95.85	88 88 88 25 (LIFI	.49 L96 L58 FE) SFr1 OW	2145 1017 304 n points of Est. voi 4491	16917 15339 15316 of 100% Open int 22781
ance week ago entranty week ago etherlands week ago etherlands week ago micreflands	4.8 4.1 43 6. 8. 4.8 4.8 33	5 4.95 5 4.95 4 5% 4 5,02 4 5.02 4 5.02	5.18 61 61 87 84 5.24 5.22 4%	5.23 64 64 94 9 5.38 5.35 4%	5.63 7% 7% 104 98 5.84 5.75 4%	6.625	7.50 7.50 7.50 5.25 6.25 3.50	6.25 6.25 8.20	Mar Jun Sep II T Dec Mar	HRIE I	90.38 89.64 89.06 88.65 ONTH EI Open 95.61 95.21	89.63 89.05 88.67 URO SWAS Sett price 95.85 95.25	-0.07 -0.09 -0.09 S FRANC Change	89.86 89.07 88.67 FUTUR High 95.85 95.26	88 88 126 (LI FI L 95	.49 .96 .58 FE SF11 .0W .80	2145 1017 304 n points o Est. vol 4491 2721	16917 15339 15316 of 100% Open int 22781 12658
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week ago		404	5.02	5.24	5,38	5.84	_	5.25		E THRE	E MONTH I	EURO SWE	SS FRANC	PUTUR	25 (LIFFE) 9	Frim points	of 100%
Netherlands		4.84 4.84	5.02	5.22	5.35	5.75	_	5.25				S-w	~	Liles	l ann	E-A und	Open Int.
Week ago		3%	3.02	4%	4%	4%	6.625	3.50			Open	Sett price		High	Low	Est. voi	
wack ago		3%	4	41/4	476	4%	6.625	3.50	-	Dec	95.61	95.85	+0.03	95.65	95.60	4491	22781
		4%	53	511	5%	64	-	4.00		Mar	25.21	95.25	+0.01	95.26	95.21	2721	12658
US week ago		4%	54	53	57	62	-	4.00	-	- Jran	94.85	94.87		94.89	94.85	97	7350 1056
		2%	3	24	28	2%	-	1.75	· -	Sep	94.62	94.58	-0.02	94.62	94.58	21	7000
Jepán week aco		2%	3	214	23	2%	-	1.75	-	e those	er Pionih i	CU FUTU		Eculm .	points of 10	0%	
			<u> </u>	_							Open	Sett price	Change	High	Low	Est. vol	Open Int.
S LIBOR I		on	574	54	58	63	_	_	. -	Dec	93.54	93.60	+0.02	93.61	93.53	682	7745
nterbank Fit	ang	-	5% 5%	51/2	5%	614	_	_	_	Mar	92.96	93.02	+0.03	98.02	92.94	497	5478
meek ego		-		5.40	5.70	6.27		_	_	- Janu	92.43	92.48		92.48	92.43	403	2963
JS Dollar Ci	Ds	-	5.05	5.40 5.22	5.38	8.05		_		Sep	92.03	92.06	-0.01	92.06	92.03	55	1128
week ago	_	-	5.05	34	344	4	Ξ	_	_		tures traded or						
BDR Linked	De	-	3%	32	3%	- 2	_	_	_								
week ago		-	37	28		-		~									
CU Linked De	mid ret	pec 1 mili	L 5%. 3	metra. 5	; 6 mm;;	84; 1 year	Non-Siller	Jam 4	aach working								
MAS AND DÉCTE	quate a	a Pinn c	hears i	o un un	n Bermine	and Math	and Minners	dia.		N THE	K HINONIH)	EURÓDOLI	LAR (IMM)	\$1m poin	ta of 100%		
jay. The benks viid resea ere s	s merc cons drawn for	the dom	estic M	oney Reb	m, US \$ C	De and St	A Unked D)epoel	po (De).		^	1	*****	Ulah	Low	Est. voi	Open Int.
											Open	Letest	Change	High			
EURO C	IIRRE	NCY	INT	ERE	ST RA	TES				Dec	93.83	93.91	-0.02	93.96	93.67	92,430	471,328
			7 da		One	Three	\$bx		One	Mar	93.54	93.51	-0.03	83.55	93.49	68,622	394,379
Oct 7	_	hert	notic		month	months	month	ıŝ.	VBBC	Jun	93.11	93.07	-0.04	93.13	93.05	49,046	299,840
	u	<u></u>						_									
Belgiant Franc	417	- 412	- N		- 42	514 - 514			616 - 616					.			
Denish Krone	51	- 53	534 -	5Î2 5	g - 6 ⁵ 1	612 - 614	7 - 6		74 - 72	E US TI	REASURY B	ELL PUTUS	CES (IMM)	Sint per 1	100%		
)-Mark	41	- 413	412 -	417 8		54 - 54	5 ³ 6 - 5	74	5월 - 5월						04.40	4 000	21,180
outch Guilder	51	- 412	51.	411 5	- 41	5% - 5%	5/6 - 5	ii.	54 - 54	Dec	94.50	94.51	-0.02	94.53	94,49	1,698	
mench Franc	53	- Si	5% -	S. 5.	- 5	54 - 54	6 - 57		62 68	Mar	94.08	94.08	-0.02	94.10	94.08	938	9,254
rence marc fortuguese Es		- 9,1	932 -		2 - 85	10 ¹ g - 9}	10% - 1	0,	غ ₇ 01 - آخ0≀	Jun	93.67	93.66	-0.02	93.70	93.66	237	2,125
Spanish Peset		- 71	712		- 7.7	8 - 73	83 ₉ - 8	4	878 - 6								
		- 5 ³ 2	53		8 - 52	6 - 5%	61 <u>~</u> - 6		726 - 726	All Open I	morest figs. m	e for previou	s day				
Sterling		317	34	3 L 3	2 - SH	44 - 44		1.	44 - 45		MARK OPT	HOME A ICC	iii nutee e	national of 1	10096		
Swigs Franc		- 413	5 - 4		la - 5	5 ⁵ 2 - 5 ¹ 2	61 ₆ -		7 - 67					W-1-00 -	W//		
on Dollar	411	- 412	412 -		i - 5i	5% - 5%			9,5 - 6, ⁹	Strike		CA	ш8			- PUTS	
JS Dollar	9.	712	gi ₂ .		- 85	84 - 84	9/2 - 9	V.	1016 - 1016	Prica	Oct	Nov	Dec	Mar	Oct No	w Dec	Mer
الاللة الموالمة -	2/4		28 -	-9 :	21,	23 - 24	212 - 2	1	24 - 26	9450	0.15	0.18	0.21 0	L14 0	1.01 0.0	4 0.07	0.38
/en		. 12	25		3 1	313 - 3		6	44 - 44	9475	0.01		0.08	LO7 0	.12 0.1	0.19	0.58
kslen \$Sing Short term reto	58	. 2	27 -	V.	n nipees	ten deut	notice.			9600	n.				136 0.3		0.77
ورها سور بالأدرة	10 CE	for the		E 200 .c							atal, Calls 7841						19
											SWISS PA	ANC OPT	MANUS (III)	\SFr im	points of 10	096	-
THREE M	ONTH I	MBOR !	ועזעי	A INV	(III) Pari	are ce	K CHICA COLI							,	P • · · · · · · · · · · · · · · · · · ·		
		Sett p		Change	High	Low		vol	Open Int.	Ştrika			us			· PUTS	
	Open			+0.02	94.02	93.9	6 18.9	71	48,538	Price	Dec	e M		Jun	Dec	Mar	Jun
Dec	93.98	94.0		+0.02	93.52				35,438	9550	0.21	1 0.1	15 C	708	80.0	0.40	0.72
Mer	93.46	93.5			93.09	93.0			25,547	9575	D.06	3 0.0	38 Č	.05	0.16	0.58	0,68
lun .	93.02	93.0			92.78	92.7			20,099	9000	0.02			.02	0.37	0.79	1,15
Sep	92.70	92.7		-0.02			-	-			end, Colles O Pa				1870 Puts 8	15	-
L THRUE M			AL 1 41	9 % JEFE	1° \$1m po	ainsta cal 10	0%			CO. 10- 11						-	
E THREE M	HTMO	THEOD	بعمي	<u> </u>				1	i								
	Open	Sett p	rica (Change	High	Low			Open int.								
_		83.9		-	93,92	93.91			2208								
26 C	93.92	53.5	-		09 59	99.55	. 50)	1508								

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ems euf	ROPEAN	CURRE		TRATE	\$	
Oct 7	Ecu cen.	Rete	Change	% ¥- trom		
	781 <u>6</u> 5	against Ecu	on day	cen. rate	v weakest	Ind
Netherlands	2,19672	2.14835	-0.00066	-2.20	5.43	-
ireland	0.808628	0.791438	-0.000975	-2.13	5.35	14
Belglum	40.2123	39.4719	-0.016	-1.84	5.04	13
Garmany	1.94964	1.91879	-0.00038	-1.58	4.77	-
France	6.53883	6.55790	-0.00106	0.29	2.81	-2
Denmark	7.43879	7.50203	-0.01354	0.88	2.21	-6
Portugal Portugal	192,854	195.840	+0.084	1.55	1.54	-10
Spain	154,250	159.048	-0.136	3.11	0.00	-22
NON ERM ME	MRERS					
Greece	264,513	292.957	+0.037	10.75	-6.90	_
italy	1793.19	1954.53	+9.81	9.00	-5.40	_
UK	0.786749	0.782783	-0.000932	-0.50	3.63	_
Percentage chem ratio batween tw for a currency, a Ecu central rata.	gee are for Eco o spreads: the ad the maximu	r, a positive cher percentage diffe m permitted per	nge denotes a v rence between cantage devistin	welk currency. I the actual merk on of the custers	livergence sho et and Ecu cer cy's market rat	wa the trainate s from t
Percentage often ratio between tw for a currency, a Ecu central rate. (17/9/92) Sterling	ges are for Ext o spreads: the nd the minimu) and fadien Lic	r, a positive char percentage diffe in permitted pen a suspended from	nge denotes a v rence between centage devisit m ERM. Adjust	week currency. I the actual mark on of the curren nent calculated	livergence sho et and Ecu cer cy's market rat	wa the trainate s from t
Percentage often ratio between tw for a currency, a Ecu central ratio. (17/9/92) Sterling	ges are for Ext o spreads: the nd the minimu) and fadien Lic	r, a positive char percentage diffe in permitted pen a suspended from	nge denotes a v rence between centage devisit m ERM. Adjust	week currency. I the actual mark on of the curren ment calculated a per pound)	livergence sho et and Ecu cer cy's market rat	wa the trainate s from t
Percentage chematic between two for a currency, a Ecu central rate, (17/9/92) Sterling PHELADIEL Strike	ges are for Ext o spreads: the nd the minimu) and fadien Lic	r, a positive cher percentage diffe in permitted pen a suspended from * OPTIONS (nge denotes a v rence between centage devisit m ERM. Adjust	week currency. I the actual mark on of the curren ment calculated a per pound)	Evergence sho et and Ecu cer cy's market rat by the Financi	wa the trainate s from t
Percentage chemitatio between two for a currency, a Edu centrel rata, (17/9/92) Sterling PHELADIEL Strike Price	ges are for Ext. c spreads: the nd the maximu and todien Lin PHIA SE S.	r a positive cher percentage diffe in permitted pen a suspended from \$ OPTIONS ! — CALLS	nge denotes a v rence between cantage deviation m ERM. Adjustr 231,250 (cent	week currency. I the actual mark on of the curren ment calculated a per pound)	Overgence sho et and Ecu cer ey's market rat by the Rinance	wis the trail rate a from to al Times
Percentage chemitatio between two for a currency, a Edu centrel rata, (17/9/92) Sterling PHELADIEL Strike Price	ges are for Extended the spreads the nd the miximu pand testen Lica PHIA SE 2/	r a positive char percentage differ in permitted pen a suspended from S OPTIONS S — CALLS —— Nov	nge denotas a v rence between bernage deviation m ERM. Adjustr 231,250 (cent Dec	week currency. I the actual mark on of the curren ment calculated a per pound)	Divergence sho et and Ecu or cy's market ration's market ratio	trai rate trom is trom in Times. Dec 0.13
Percentage other ratio between two for a currency, a Ecu central ratio, (17/9/92) Sterling III PHILADIEL Strike Price 1.525 1.550	gee are for Exico organization the notation Line. PHIA SE 2/ Oct 9.23 8.78 4.30	x a positive char percentage differ in permitted per a suspended from S OPTIONS S — CALLS —— Nov 9.17 6.79 4.65	nge denotes a v renos between between between 231,250 (cent 231,250 (cent Dec 9,23 7,06 5,08	week currency. I the actual mark on of the curren ment calculated a per pound) Oct	Divergence also ear of the Europe Sylven market ratio by the Financial PUTS	Dec 0.13 0.38 0.84
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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be ed without permission, Details relate to those securities not included in the FT Share Information

Unless otherwise indicated onces are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Taisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd. ‡ Bargains at special prices. Ø Bargains done the previous day.

Rothschilds Continuation Fin(C.I)Ld9% Perp Subord Gtd Nts (Br2Various) • 579 4

E100008100000 - E10713 (80Se94)
Sweden(Ringdom of) 84% Bids
1999(875000) - E1003; (80Ce94)
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E5000) - E1013; (80Ce94)
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Tarmac Finance (Jersey) Ld 912% Cnv Cap
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Tarmatin Finance (Jersey) Ld 912% Cnv Cap
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Tesco PLC 10 3% Sds 2002 (Br CVar) -

E102¹2 (40c94) Testo Capital Ld 99i Chy Cap Bds 2005(Re C1) - C114 ¹2 Thames Water PLC 9¹2¹4 ChySubordBds 2006(B±25000850000) - £125

er PLC 7½ % Nts 1996 (Br £ Var) •

C954
United Kingdom 5.25% Treasury Nts 21/1/
97(8/ ECU var) - EC94½ 944,
Victorian Pitic Athris Pin Agency 93% Gid
Bos 1993(6/CVars) - C1004; (20C94)
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Wootenich Building Society 7% Nrs 1996 (Br Cvar - 098.05/05034) Woelwich Building Society 11% 5% Subord Nrs 2001 - 5108.3 ½ (40594) CS First Boston Inc S000m Subord Collared FRN October 2005 - \$84.60)

European Bank for Rec & Dev \$100m Fitg Rta Nts April 2000 - \$88 (50c94)

- ne ree repri 2000 - \$88 (50c94) Hahtax Building Society \$150m 6.75% Nrs 257797 - \$88.74 (105e84)

23/1/97 - 335/2 bubses/1 dilitax Buildong Society £150m 7/8 % Nts 14/ 4/2000 - 293/2 93/4, (20094) andeskreditbank, Beden-Wuntemberg 5/25cm 8/825% Nts 22/12/97 - SC101/4

101%
Meral Lynch & Co Inc Y40000m 3.5% Nts
287/97 - Y98.81 (30c84)
Province of British Columbia Y50000m 4%
Debt Ins 4/8/99 - Y984 (30c94)
Sweden(Graydom of) 0500m 7/2% Nts 3/12/
97 - 2391₂ %
Sweden(Graydom of) 0500m 7/2% Nts 3/12/

Sweden(Kingdom of) £350m 75g% Bds 28/7/ 2000 - £321g (3Oc\$4)

Toyota Motor Credit Corporation Y50000m 3.50% Nts 22/9/97 - Y98-2 (30c94)

Sterling Issues by Overseas

2010 - 2.23 Bank of Greece 10-1,96 Ln Stk 2010(Reg) -

Permanulfungdom of 13% Ln Stk 2005 -1231g (40c94)

L. 1231g (40C84)
European Investment Bank 9% Ln Stk 2001
(Rieg) - 539 % (30C84)
European Investment Bank 9½% Ln Stk 2009 - E1024 3½
European Investment Bank 11% Ln Stk 2002(Reg) - C1034
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £102½ (50c94)

Six 2010(Reg) - £102½ (50094)
International Bank for Rec & Dev 11.5% Ln
Six 2003 - £113.1975 .1975
Nova Scotta@rovince of 11½% Ln Six 2019
- £117½ (30094)
Petroless Mexicanos 14½% Ln Six 2006 £119½ (40094)
Portuga@Rep of 9% Ln Six 2018(Reg) £88½
Sweden@Gnactors of £1.44 - £1.44

Sweden@Ongdom of 9 % % Ln Stk 2014(Reg)

Trinidad & Tobago(Republic of) 1214% Ln St. 2009(Reg) - £10812

Listed Companies(excluding

AAH PLC 4.2% Cum Pri £1 - 57
ASP Investments PLC 512% Uns Ln Stk 87/
2002 50p - 36 (50c94)
AB Ottshore Fund Ld Pig Red Pri \$0.01 £2.36 (30c94)
APV PLC 5.55% Cum Pri £1 - 65
ASH Cepital Finance(Jersey)Ld 912% Criv
Cap Bds 2006 (Reg Units 100p) - £72
Aberdeen Trust PLC Wits to sub for Ord - 40
(AOCS4)
Aberdeen Trust PLC A Was to Sub for Ord -

(ACCS4)
Aberdeen Trust PLC A Wts to Sub for Ord 43 (ACCS4)
Aetra Malaystan Growth Fund(Cayman)Ld
Ord \$4.01 - \$1.3% 13.36 (\$50.694)
Aleron Group PLC 8.25p (Nei) Criv Curn Red
Pri 10p - \$7
Allied Domecq PLC ADR (1:1) - \$8.82
Allied Domecq PLC \$52% Curn Pri £1 - 67
(30.584)

(305954) Allied Domecq PLC 7½% Cum Pri 21 - 81 Allied Domecq PLC 6½% Uns Ln 5% - 052 Allied Domecq PLC 7½% Uns Ln 5% - 274 (50054) Allied Domecq PLC 7½% Uns Ln 5% 93/88

£94 ½ (50)

· \$35.145ф

Macq PLC 74/96 Ums Ln Stk 93/98 -

Investment Trusts)

Borrowers

Australia/Common

British Funds, etc. Treasury 13 kg% Stk 2000/03 - £122 kg GIOSe941 Schaguer 1012% Stk 2005 - £1106 (50c94)

Corporation and County London County 21₂% Cons Sti. 1920(or after) - £251₂ (205e94) Dudley Metropolitan Borough Council?46 Ln Sik 2019 [Regil?/P] - 2771; 1] (40c94) Letcester City Council 7% Ln Str 2019[Regil?/P] - 2771; 1] (40c94) Settled City of 74 Ln Six 2019[Regil?/P] -1771; (40c94)

UK Public Boards Aeropolitan Water Metropolitan Water 3% A Six 63/2003 - 6651₂ (30c94) Aetropolitan Water New River Co 3% Deb

Stk - £84 (30c94) etropolitan Water Southwark & Vauchall Water Co 346 Deb Stk - £6614 (30c94) Foreign Stocks, Bonds, etc-(coupons payable in London) Greece,(Kingdom of) 5% Ln 1914(Asad with Greece, (Oingdom of) 5% Ln 1914(Assd with Acceptions Cert) = 220 (400;64) Greece, (Toingdom of) 6% Public Works Stig Ln of 1923(Assd) = 230 (400;64) A.M.P. (U.K.) PLC 111-5% Bde 2001 (Br CT000, 100008 100000) = 2109.05 (400;64) Abbey National Sterling Capital PLC94;5% Subord God Bds 2004(Bn2Vars) = 232(2) Abbey National Treasury, Servis PLC 6% God Nat 1939(Br£1000,10000,100000) = 287¹4, 200-341

(2009-1)
Abbey National Treasury Servs PLC 81; %
Gtd Bds 2003 (Er S Var) - S831s (40:03-9)
Abbey National Treasury Servs PLC 71sh
Gdd Nis 1938 (Er E Var) - C3515 (20:03-9)
Abbey National Treasury Servs PLC 85% Gtd
Bds 2003 (Er E Var) - 2001-3
Bds 2003 (Er E Var) - 2001-3
Acer Incorporated 4% Bds 2001 (BdS 10:000) -

231 2 Afted Domecq PLC 1053% Bds 1999/Br6500081000007 - \$10312 (40c94)

Asida Firance Ld 103/46 Criv Cap Bds:2005(Br £5000&100000) - £106 (4Ce94) BQC Group PLC 8³/49 Bds 2004(Br£ Vars) -BOLC GROUP OF 4% BOS SUBMENT VANS*
ESTÉ (GIOSE94)

BP America Inc 91/4% GD Nts 1999 (Br
SA1000\$10000) - SA9814 9834 (GIOS4)
Bent of Montrest 103/2% Deposit Nts
1998(BRSC1000810000) - SC10376 (4Oc34)
Burclays Bent PLC 976 Perm Int Beating
Capital Bids(Brf. Var) - CS3]/2 (4Oc34)
Barclays Bent PLC 9.875% Undated Subment
Nts - 193.0 (SIOSe94)
Barclays Bent PLC 1014/% Sen Sub Bids
1987(BRT0000610000) - C1024 (HOC94)
Blue Circle Industries PLC 1014/% Bids 2013
(BrC5000&100000) - C105 (HOC94)
Bradford & Blunjey Bullding Society/Collared

Printing Society 107/2% Subord Bds 2000(BrC10000&100000) E101 (20034) Bitter Airways PLC 10% % Bds _ 2008(Br\$1000&10000) • £105¼ (50c34) British Gas Intl Finance BV 81/2% GldNts 1999(Br\$1000,10000&100000) - \$1021/4

1021₂ (50c94) Hish Gas PLC 7*3% Nts 1997 (Br & Var) -British Gas. PLC 75/1% Bds 2000 (Br £ Var) -91000,10000&100000) - \$105.55 (40c94) - (British Gas, PLC 8¹8% Bds 2003 (Br £ Var)

\$52\$ British Gas PLC 7¹g% Bds 2044[Br\$1000,10000,1000000) - \$75.15

(30Se94) httish Telecommunications PLC 7¹e% Bds 2003 (8° E Var) - 088₃° (40Ce94) httish Telecommunications PLC 12¹e% Bds 2006 - CT20/a Burnair Castrol Capital(Jersey) Ld 91₂% Cnv Cap Bds 2006 (Reg £1000) - £144 5 Dahy Mail & General Trust PLC 91₂% Exch Bds 2005 [ErC10002500) - £147 Dermark(Kingdom of) 61₂% Nts 1998 (Br £ Vert. 2008)

9814 994 Far Eastern Tentile Ld 4% Bids 2008(Br\$10000) - \$108 1084, 1081₂ 1091₂ Finland(Republic of) 101₃% Bids 1997(Br\$1000\$10000) - £102.95 (30094) Finland(Republic of) 101₈% Bids 1998 -

2103¹h
Forte PLC 9¹h⁴6 Bds 2003 (Br £ Var) - £30¹h
Gunness Finance Br 9¹86 Gdd Mts
1996(8·110008 10000) - \$102¹h
KSBC Holdings PLC 9²h⁴8 Subord Bds 2018
(Br £ Var) - £97 (30c94)
Haltas Bultims Society 6¹h⁴8 Bds 2004
(Bh1000, 10000, 10000) - £31¹h
KSBC Holding Society 7¹h⁴8 Mts 1988 (Br £
Var) - £5¹h
Haltas Bulding Society 8¹h⁴8 Mts
1998(Br£Vars) - £36.45
Haltas Bulding Society 8¹h⁴8 Mts
1998(Br£Vars) - £36.45
Haltas Bulding Society 8¹h⁴8 Mts

1939[Br2Vars] - £96.45
Halitar Building Society 10 ½ 5 Nts
1939(Br210003,10000) - £102½ 3½ (50c84)
Halitar Building Society 11% Subord Bds
2014[Br1100003,10000] - £108 (50c84)
Hancon PLC 9½ 6 Cnv Subord 2006 (Br
1Var) - £102½
Harston PLC 10½% (Bds 1997 (Br £Var) £103½ (50c849)
Harston FLC 10½% (Bds 1997 (Br £Var) £103½ (50c849) \$1031₄ (20\$690) Harson Trust PLC 1076 Bids 2008 (BrC\$000) + 1987 (St \$0054)

- 288% (SOC94) Holison Capital Ld 7% Cnv Cap 8ds 2004 (R/0g - 131 (SOC94) International Bank for Roc & Dev 8% 6ds 2007 (BrCS000) - £100.15 (SOC94) International Bank for Roc & Dev 10% 8% 1599 (BrCS000) - £100.88 4½ (SOC94) 1999 (BrC5000) - £100.86 a½ (BCc54) tray/Republic of) 10½% Bds 2014 (BrC10000850000) - £105.575 (305e94) Kansai Electric Powor Co Inc 7½% Nto 1998 (Br C Vari - C94½ 250c34) Land Securities PLC 9½% Bds 2007(BrC10008 10000) - £35½ bds 2007(BrC10008 10000) - £35½ bds (BrC5000850000) - £105½ (BrC5000850000) - £105½ Leeds Permanent Butching Society 10½% Subord Bds 1996 (BrC5000) - £103½ (305e94)

Leos Permanent Building Society Collared FitgRents 2003(Rog MuttlE1000) - £321₂ (30cbs)

(2009a)
Lloyds Bank PLC 71/9% Subord Bds
2004/Bh/Narioud - 094-02-05 (40094)
Lloyds Bank PLC 91/9% Subord Bds 2023 (Br
C Var) - 0954 (30094)
Marks & Spencer Finance PLC 71/9% Gid Nrs
1998 (Br 2 Var) - 0956
National & Provincial Bidg Society 101/9%
Subord Bds 2009/11 - 2101/4 7/2 2 (40094)
National Westminister Bank PLC 111/9% UndSubNtts C1000(Cinv to Priffing - C101/4
(40094)

SubNts \$1000(Cinv to PriRieg - £10114 (40534)
National Westminster Bank PLC 1112% UndSubNts £1000(Cinv to PriRier - £100126)
Nationate Building Society 1112% Nts 1997 (Br £5000 & 100000) - £105.05 (20534)
Nationate Building Society 13,5% Subord Nts 2000 (Br £10000) - £11414 (50694)
Northumbrian Water Group PLC 314% Bds 2000 (Br £143) - £377 (http://doi.org/10.0000) - £1004 (205494)
Postitic Beatric WirelCobie Ce Ld 314% Bds 200 (Br £10000) - £138 (50694)
Peartic String Two PLC 9,5% Gld Bds 200 (Br £10000) - £554 (50634)
RTZ Canada (nr £14% Gld Bds 1998(Br5500810000) - £554 (50634)
RTZ Canada (nr £14% Gld Bds 1998(Br5500810000) - £554 (50634)
RTZ Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50634)
Rtz Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50634)
Rtz Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50634)
Rtz Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50644)
Rtz Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50644)
Rtz Canada (nr £14% Gld Bds 1998(Br5500810000) - £534 (50644)

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Berdsys Berk PLC 16% Uns Cep La Sti. 2002/07 - £131 ¹g (50c84) Berlogs PLC 6% Cum 1st Prf £1 - 94 (50c84) tarings PLC 8% Cum 2nd Prf 21 - 964, (30c94) Barings PLC 94% Non-Cum Prf Et - 111½ (50c94) to Exploration Ld Ord ROLO1 - \$2_1 p Bess PLC ADR (2:1) - \$18.4 12 Bess PLC 10-2% Deb Stk 2016 - \$109 14 13 Bass PLC 412% Uns Ln 36k 92/97 - 98712

(SOC94)
Bass PLC 71/8% Uns Ln Stk 92/97 - £951/2
Bass Investmenta PLC 71/8% Une Ln Stk 92/
97 - £93 (40c94)
Batleye PLC 10% Curn Prf £1 - 100 (50c84) NK145.54 Birmingham Midshires Building Soc 9 1/5 1/6 Perm Int Bearing Shs \$1000 - 134 1/6 1/4 Bieckwood Hodge PLC 91/6 Cum Red Pri £1

(305e9-5) Royal Bank of Scotland PLC 65₈% Bds Proyal Bank of Scotland PLD 67/W 805 2014(Br/Vars) - 261/g, (2008-9). Royal Bank of Scotland PLC 10,5% Subord Bds 2013 (Br 2 Var) - 2102 (400-9). Royal Insurance Hidgs PLC 97/W Subord Bds 2003 (Br 2 Var) - 128 (300-34) Sainsbury (LI)(Channel Islands)(L.d. 81/3/GCmCapBds 2036(Br 250008.100000) £127/a (500-34). Blue Circle industries PLC ADR (1:1) - \$4.54 Blue Circle industries PLC 54,% 3nd Deb Sti Blue Chote Industries PLC 54,% 3nd Deb 5 1984/2003 • (981); 600-84) Blue Chote Industries PLC 64,% Uns Ln SM(1975 or 40) • 281 (50-28) Blundell-Permoglaze Hidgs PLC 71,% Uns Ln Stx 90/95 • 283 Beote Co PLC ADR (21) • 516.02 perty Co Ld 5% Cum 1st Pri

Boscombe Property Co Le site Curn 1st Per £1 - 800 Bradford & Bingley Building Society115 184 Parm Int Bearing Site £10000 - £108½ 9 Bradford & Bingley Building Society1356 Perm Int Bearing Site £10000 - £120 ½ Brant International PLC 996 Curn Red Prf £1 Brent Walker Group PLC Was to Sub for Ord Brent Walker Group PLC Var Rte 2nd Criv Red Pri 2000/2007 £1 - 8¹2 (205e94) Brent Walker Group PLC 8.576 3rd Non-Cum Criv Red 2007/10 £1 - 2¹4 (50c94) Bristol Water PLC 8¹4% Cum Intl Pri £1 -

Bristol Water Hidgs PLC Ord 21 - 980 Erratol Water Hidgs PLC Ont 21 - 880
Bristol Water Hidgs PLC 6,75% Cum Cm
Red Pri 1988 Shs 51 - 192
Bristol & West Building Society 13¹/₁% Perm
int Beaming Shs 51000 - 5120¹/₄ 1 ¹/₄
Bristonia Building Society 13¹/₆% Perm int
Beaming Shs 51000 - 5118¹/₄ 7¹/₄
British Almays PLC ADR (10:1) - 557.3
37306 nertcan Tobacco Co Ld 6% 2nd

2125 Trames Water Utilities Finance PLC 10½% Gdd 8ds 2001 - £104½ Gd58g94 31 Group PLC 11½% Gdd 8ds 1996 (Sr £100810000) - £104.85 Gdd 8ds 1996 (Sr £100810000) - £104.85 Gdd 8ds 1996 (Sr £100810000) C1000810000) - E104.65
Tokyo Bectric Power Co Inc 71₈% Nis 1998
(Br C Var) - C94 & (3Oc34)
Tokyo Bectric Power Co Inc 91₈% Nis 1996
(8+C1000810000) - EC10212 (4Oc34)
Tressury Corporation of Victoria 8 %% Gid
Bids 2003 (Br C Var) - C941s (4Oc34)
Tung Ho Steel Enterprise Corp 4% Bids
2001(Br610000) - E108 11012
U-Ming Marthe Transport Corporation 11₂%
Bids 2001(Reg in Mult \$1000) - S8812 8912
9012 m Co PLC 8% Cum 1st Pri E1 - 79 (50c94) British Petroleum Co PLC 9% Cum 2nd Pri E1 - 88 (303e94) British Steel PLC ADR (10:1) - \$26.04 .05 .22 British Steel PLC 1112% Deb Stk 2016 -2115/, (2009)

9:Hish Sugar PLC 104-14 Red Deb Sik 2013
-C111/, (4009)

Briton Estate PLC 9-5044 1st Mag Deb Sik: 2029
-2029 - 298 (30099)

BulgariAFF) & Co PLC Ord Sha Sp - 63

BulgariAFF) & Co PLC Ord Sha Sp - 63

BulgariAFF) & Co PLC Ord Sha Sp - 63

BulgariAFF) & Co PLC Ord Sha Sp - 63

BulgariAFF) & Co PLC Ord Sha Sp - 63

HLPJHidas PLC 912% Cum Prf E1 110 Bunzi PLC 7% Criv Una La Stk 95/97 - £104 Bunnah Castrol PLC 8% Cum 2nd Pri £1 -60 (30c94) h Castrol PLC 73,% Cum Red Pri 91 -67 (5Oc94) ਬਾ (ਹੁਪਾਰਕ) terton Group PLC 8% Criv Uns Ln Stk 1996/ 2001 - 182 ਨੂੰ ਤੀਵ

wery PLC 7% Cum Pri ti -73 (305-954)

Suite Mining PLC 10% (Net) Chy Cum Red Pri 1994 10p - 27g
Canadian Overs Pack Industr Ld Com Npv - F24.5.9 (308-94)
Cariffico Comment of the C FZ45.9 (308694)
Carifon Communications PLC ADR (2:1) - 3283
Carifon Communications PLC 712% One Subord Bols 2007(Reg 25000) - 213012
(40-930

Cause Alien Hidgs PLC 5% Cum Pri E1 ~ 48 9 Salarpillar Inc Shs of Com Shk \$1 -\$52,91022\$ Salhay International Hidgs PLC 10¹2% Cum Def or 100 isched 1694) In Sing of Com Silk \$0.25 ham & Gloucester Build Soc 113,% Int Bearing Shs £50000 - £111& t Bearing Shs 250000 - £1110 Racecourse PLC Ord 25p - £7%

(SCG34) CRy Ste Estates PLC 5.25% Cnv Cum Red Prf 51 - 65 (SCG49) CRy Ste Estates PLC 7% Cnv Uns Ln Stk 2005/06 - 152 (2036/94) Calyhare PLC 9.5% Subord Cnv Uns Ln Stk 2000/01 - 533(b) 2934 Constitution She of Com Stk \$0.33 1/ PLC 83:96 Une La Six 2002/07 Coats Vivalla PLC 4.9% Cum Pri S1 - 62 Cohen(A.) & Co PLC Non.V "A" Ord 20b -

510 21 - 98% 17 - 964 Commercial Union PLC 8¹/₄% Curn Ind Pri 21 - 103¹/₂ 4 Co-Operative Bank PLC 9.25% Non-Curn Ind Pri 21 - 108¹/₂ (50-34) Coolson Group PLC 4.9% Ptg Ord 50p - 34 Cooper (Frederick) PLC 8.5p (Net) Cnv Red Curr Ptg Prf 10p - 77 Courtuids PLC 512% Uns Ln Stk 34/96 -S940

ray madds PLC 73,% Ums La Sik 2000/05 -588
Coventry Building Society 12¹2% Ferm Interest Bearing She 21000 - 21094, 10¹4, 13¹4
Cally Mail & General Youst PLC Ord 50p - 21312 (500-94)
Delgety PLC 4.85% Cum Pri \$1 - 68
Debenhams PLC 7¹4% 2nd Deb Sht 91/96 - 296/2 (400-94)
Debenhams PLC 7¹4% Una Ln Sht 2002/07 - 625 (400-94)

E85 (4Oc94) Deta PLC 104/4 Det Stk 95/99 - E101 Detta PLC 104-% Dets Six 65/93 - C101
(SUSS94)
Denoura PLC 6.25% Curn Cnv Red Pri C1 106.55 9 10 (SC049)
Dominion Energy PLC Ord 5p - 101-2
During Plantations Lid 6% Curn Pri E1 - 62
(SC049)
Ecclesiastical Insurance Office PLC10% Red
2nd Curn Pri C1 - 106-1 2nd Cum Pri 21 - 108 j Eclipse Blinds PLC Ord 6p - 8 9 -aux - consummated Mines Ld Ord She No Par Value - 32 (305e94) Becthon House PLC 7.5% Chy Cum Red Prf St - 103 (305e94) Emess PLC 8.25p(Net) Chy Cum Red Prf 5p - 59

- 59 nglish China Claya PLC ADR (3:1) - \$17 (40c94) ricason(LML)(Telefonaldiebolage(Ser B(Reg)SK10 - SIC90 ½ ½ :32 1 1 .08 ½ ½ 2 2 4 4 Euro Disney S.C.A. She FR5 (Depository Receipts) - 67 83 5 Euro Disney S.C.A. She FR5 (Br) - \$1.4324 FR7½ .565 .58 .58 Circlamnel PLC/Eurotunnel SA Units (1 EPLC Ord 40p & 1 ESA FR10 (Br) - FR22.38

E34 1₂ (SOc54)
Alterd-Lyons Financial Services PLC81₄%
(SudCmSubordSu2008 Regilutif(1000 C106 (40c54)
Alterd-Lyons Financial Services PLC81₄% (Sixt Chr Subord Bids 2006(Br £ Var) - £1031₈ 1031₄ (S0c54)
Alds PLC 5.57% Onv Curn Non-Vitg Red Prf £1 - 59 60 1 3
American Frands Inc Shs of Corn Stx \$3.125 On Aup & 1 ESA FHIUS (by - FH22.58)
(ACCS4)
Eurobunnel PLC/Eurobunnel SA Units
Siconum Inscribed) - FR21.55 /8
Ex-Lunds PLC Warrants to sub for She - 21
(ACCS4)
First Chrosipe Corp Corn Six SS - \$433
(SCCS4)
First Chrosipe Corp Corn Six SS - \$435
(SCCS4)
First Chrosipe Corp Corn Six SS - \$435
(SCCS4) nds Inc Shs of Com Stk \$3.125 - \$15.1 459 Andrews Sykes Group PLC Cnv Prf 50p - 40 11₂ (40c84) Anglian Water PLC 51₈% Index-United LnStk 20089:2578%) - \$131 Anglo-Eastern Plantations PLC Warrants to SOc94)

First National Building Society 17 k; N Perm Int Bearing Shs \$10000 - \$98 k; (30c94)

First National Finance Corp PLC 7% Criv Cum Red Pri £1 - 130

Fixors PLC ADR (4:1) - £4.32¢

Fixors PLC 57 % Uns Ln 50; 2004/09 - £70 Anglo-Eastern Plantations: PLC 321₂16 Uns sub for Ord - 24 (SOc54) Anglo-Eastern Plantations PLC 121₂16 Uns

48 (4Oc94)

..ээгсэ 4 HSSC Hidgs PLC 11.69% Subord 8ds 2002 (Regi - £100 4 6½ 7

sub for Ord - 24 (SOCS4)
Anglo-Eastern Plantallars PLC 12¹2% Uns
Ln Sit 95:99 - C1001;
Anglowal Ln N Ord 90.0001 - C18.45
(C05:684)
Acda Property Hoigs PLC 10 57:6% 1st Mitg
Deb Sit 2011 - 59:54 (SOCS4)
Attwoods PLC - ADR (5:11 - 58.15:4% (4OcS4)
Attwoods (Finance) NV 8¹2p Gtd Red Cnv Prf
So - 88 (SOC94) Fitwister PLC 612% Cum Pri (RC1 - IC012 Fitwister PLC 612% Cum Pri (RC2 - IC012 Fitwister PLC 612% Cum Pri (RC2 - IC012) Fitting Cum PLC 612% Cum Pri (RC2) Fitting Cum PLC 612% Cum PLC 612 Fitting Cum PLC 612% Cum Sp - 89 Automated Security(Hidga) PLC 5% Crv Cum Red Ptf 21 - 68 (50c94) Automated Security(Hidga) PLC 8% Crv Cum Red Ptf C1 - 471₂7 51 2 Avidel PLC 101₂% Une Ln Stk 96/98 - C100 (40C994) Folkes Group PLC Ord 5p - 43 4 (40c94) Forminster PLC 11% Curn Prf £1 - 113 (\$0c94) Forte PLC 9.1% Uns Ln Stk 95/2000 - £95 Fortnum & Mason PLC Ord Stk £1 - £47 (40c94) B.A.T Industries PLC ADR (2:1) - \$13.4 1/2 Introm & Income. . __ (30c94) KN PLC ADR (1:1) - \$8½ (30\$694) And Great Nordic Ld She DK 190 - OK579.18

BET PLC ARR (4:1) - 58.374786, 4574166 BM Group PLC 4.8p (Net) Grv Cum Red Pri 20p - 66 BOC Group PLC ADR (1:1) - \$10¹4, (50-694) BOC Group PLC 4.55% Cum Pri £1 - 67 LUSS684) BTP PLC 7.5p(Net) Cnv Cum Red Pri 10p -180.01 1 (40c34) BTR PLC ADR (+:1) - \$19.7 Bank of instantiGovernor & Co off Units NCP Stk StsA In(18in(2) Uquidation - IÈ10.8 GC-9-30

(SOc94) Banner Homes Group PLC Ord 10p - 125 32 (40c94) Bandays PLC ADR (4:1) - \$35% Bandays PLC ADR (4:1) - \$35% Bandays Bank PLC 12% Uns Cap Ln Stk

HSBC Hidge PLC 11.69% Subord Bds 2002 (Br EVar) - £107% (DOCSI) Hailtax Building Society 6 k/% Perm Int Bear-ing Shs £50000 - £83/k

Halitaxt Building Society or to Permi int Searing Shis £1 (Fieg £5000) - £13 ¹/₄
Halitaxt Building Society 12% Permi int Searing Shis £1 (Fieg £5000) - £113 ¹/₄
Halitaxt Buildings PLC Ord 59 - 61 (SOC64)
Hall Engineering/Hidge/PLC 6.55% Cum Prf
£1 - 85 (SOC64)
Homerson EucondalMoney Mariest Fd LdPtg
Flad Prf 1g/5tg Eurobonic Fund) - 470¹/₄0
Hammerson PLC Ord 52p - 330 2 3
Hardys & Hantsons PLC Ord 50 - 285
Hasishnot Inc Shis of Com Sit 50.50 - \$29,020
Hasishners Estates PLC 104,% 1st Mtg Deb
Six 98/2003 - £101 (SOC64)
Hercules Inc Shis of Com Sit of NPV \$100.70
Heckson International PLC 81₂% Uns Ln Stx
89/34 - 338 (SOC54)

Hickson International Place Supplied States (SOCS4)

International States of Place Supplied S Samuel Saming Fixed Co. 122.30 p - 122.30 imes Protection Group Inc She of Com S& Homes Hun-\$0.25 - 2!

S0.25 - 21
Housing Finance Corporation Ld 11½% Deb St. 2016 - £110½ (505e84)
IBI Global Funds Ld Pig Red Pri \$0.01(Managed Sha) - £20.33 (50594)
IBI Global Funds Ld Pig Red Pri \$0.01(Managed Sha) - £20.33 (50594)
IBI Global Funds Ld Pig Red Pri \$0.01 (High Inc Gift Sha) - £25.39 (50594)
IMI PLC 5½% Uns Ln Sta 2001/05 - 558 (50594)
ISI Himalayan Fund NY Ord FL0.01 - \$17 17¼ 17½ (50594)
Iceland Group PLC Cmr Cum Red Pri 20p - 123
Illingworth Morns (Selbatre) Ld 7% Mon-Cum-

123 Bingworth Morns (Selbeire) Ld 7% Non-Cum Pri 50p - 17 (40c94) Inch Kenneth Kolang Rubber PLC 10p - £18 Industriat Control Services Grp PLCOrd 10p -131 8 7 (5049)
Inti Stock, Evahunge of UK&Reep of Irl.d 7146
Mag Dab Sik 90/95 - 23914 (305494)
Insh Life PLC Ord M0.10 - 151.8 1.82 p. 178
Jardine Matheson Hidge Ld Ord 30.25 (Hong
Kong Register) - SH51.868 2.327783
Jardine Stretsgic Hidge Ld Ord 50.05 (Hong
Kong Register) - 58-93-7104219
Jersey Secticity Co Ld "A" Ord 51 - 528
D32-94

8790 Sharran, (DO:34) 21 - 33 (AOC94) Strinson, Matthey PLC 8% Criv Cum Prt £1 -Johnson, Matthey PLC 4.9% Curr Pri 25p - Jones & Shipman PLC 4.9% Curr Pri 25p -Jones & Shipman PLL 1872 (30cs4) 1872 (30cs4) Keyser Bondor Ld 8% Red Cum Pri Sik £1 tor Group PLC 4.9% (Finity 7%)

Kingsleher PLC ADR (2:1) - \$15 k Kingsleher PLC ADR (2:1) - \$15 k Kingslehy & Forester Group PLC 3.85% Cum Pri £1 - 42 (30c94) Korea-Europe Fund Ld Stes(IDR to Br) \$0.10 (Cpn 7) - \$4500 (vgar- r) - 54500 Kvasmer A.S. Pres A Shs NK12.50 - NK283,84 Ladbroks Group PLC ADR (1:1) - \$2.46 2.47 (4C54) Land Securities PLC 9% 1st Mig Deb Sik 96/ 2001 - £101

2001 - EVIII
Lathamillames) PLC 6% Cum Prf £1 - 70
Leeds & Holbeck Building Society 13½%
Perm Int Bearing Shs \$1000 - £19½ 20½
Leeds Permanent Building Society 13½%
Perm Int Seating \$50000 - £127½
Leeds(John) PLC 5% 1st Cum Prf Sik £1 - 56 s(John)Partnership PLC 5% Cum Pri Stk Lawlei-John Part Sell Et 1-58 8 (50:54)
Lawlei-John Part Sell Et 1-58 6 (50:54)
Lawlei-John Part Sell Et 1-71 9 (50:54)
Laborty PLC 9.5% Cum Pri St - 109
Later & Co PLC 5% PriCum(E1 - 51 4

(30c34) ombard North Central PLC 5% Cum 2nd Prf E1 - 50 (4UCH)
London Securities PLC Ord 1p - 2½
London Securities PLC Ord 1p - 2½
London PLC ADR (1:1) - \$2.08.11.14.15
Lookers PLC 8% Crv Curr Red Prf 61 - 111
MEPC PLC 3.85% Curr Prf Stk §1 - 50 (305:494) EPC PLC 9 kg% 1st Mag Deb Sak 97/2002 -E100 (50:54)
MEPC PLC 101,% 1st Mbg Deb Sik 2024 2711.85 \ 3.24 \ 3; (205:654)
MEPC PLC 8% Uns Ln Six 2000/05 - 1917, Cartry & Stone PLC 8,75% Cum Red Pri McCarthy & Stone PLC 7% Crv Uns Ln Stk 99/04 - 567 Mandam Oriental International Ld Ord \$0.05 Hong Kong Reg) • 20.84\$ rks & Spencer PLC ADR (6:1) - \$37.65

ans & Spencer PLC AUR (6:1) - 537. (50c94) arshelis PLC 10% Cum Prf £1 - 100 ransela (305,894)
Medeva PLC ADR (4:1] - \$10
Merchant Retail Group PLC 8½% Cnv Une
Li Sti 99,04 - 552 ½
Mersey Docies & Harbour Co 8½% Red Deb
Sti 99,99 - 123½ (50,094)
Mhangurs Copper Mines Ld Ord Stit \$21 - 3
(40,094) dhem Water PLC 10% Red Deb Ste te PLC 10% Cum Pri C1 - 38

(SICSa9)
More O'Ferrall PLC 10% 2nd Cum Pri 5: 115 (30549)
Morgan Stanley Jupanese Warrant Fd She of Class A Com St (6) - 52% (25) (50054)
Morland & Co PLC 5% Cum Pri 5: - 50 Mucklow(A& J.)Group PLC 7% Cum Prf 21 NFC PLC 71,% Crv 8qs 2007[[Reg] - 129012

National Medical Enterprises Inc Shis of Corn Sk S0.05 - S16.1051614 44 44 44 74 1₉0 National Power PLC ADR (10:1) - \$74.42 National Westminster Bank PLC 9% Non-Curn Stig Pri Sers "A" £1 - 102 ½ ½ National Westminster Benk PLC 12½% Subport Une Ln Stk 200 - £115²1 (40:54) New Central Willwatersmand Areas Ld R0.50 -

(30c94) Building Society 12½% Pent1 Interest Bearing Sits £1000 - £114 (40c94) North Housing Association Ld 8½% Gtd Ln Sits 2037 - £23½ North Middland Construction PLC Ord 10p - £4½ ½ 5 (50c94) Northchart Investments Ld R 0.10 - £0½ (40c94) 2412 12 ISUCANA Morthchart Investments Ld R 0.16 - 2014 (4Qc94) Northern Foods PLC 514 % Cnv Subord Bds 2008 (Reg) - 28512 12 Northern Foods PLC 614% Cnv Subord Bds 2008 (Re 2 Var) - 283,86 2008 (Re 2 Var) - 283,86

2008 (Br. 2 Var) - 283,8¢ Northern Flock Building Society 125₈% Perm Int Bearing She \$1000 - £1144₈ % Orbits PLC Ord 10p - 23 5 P & O Property Heidings Ld 73₂% 1st Mig Deb Sik 97/2002 - 684 (50c94) P & O Property Heidings Ld 8% Use La Sik 97/99 - 130 (50c94) Paofits Gas & Electric Co She of Com Six \$5 - 3015 91799 - 130 (SOC94)

Pacific das & Sectric Co She of Corn Six \$5
- \$21 \(\frac{1}{2} \)

Parther Securities P.C. Was to sub for Ord 12 (SOC94)

Parthern Group P.C. Ord 25p - 175 (SOS984)

Parthern Group P.C. Ord 25p - 175 (SOS984)

Pathernot Zochories P.C. 10% Cum Prif St 115 (SOC94)

Ped Hidgs P.C. 5.25% (Net) Cnv Cum MonVig Prif St - 528/2 (SOC94)

Perhinas Sh. Ord Steen New Co 5% Cum
Prif Six - 548 (AOC94)

Petrolinas Sh. Ord Steen New Co 5% Cum
10p - 88 (SOC94)

Petrolinas Sh. Ord Steen Nev (Br in Denom 1.5

à 10) - 5PRSO0 627

Pittards P.C. 6 12% Cam Prif St - 57 (4OC94)

Purantion & General Invo P.C. 9% Con Uns
Ln Six 1989 - 194

Potelle Strough P.C. 41/4 Cum Prif Stp - 24

Powell Duffun P.C. 41/4 Cum Prif Stp - 24

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Powell Duffun P.C. 41/4 Cum Prif Stp - 24

21₄ R.E.A.Hidgs PLC 12% Cm/ Una Lin Sik 2000 - 188 (30Se94) - 198 (3US694) RPH Ld 412% Une Ln Stk 2004/09 - 138

(30:594)
RPH Ld 9% Uns Ln Stit 99/2004 - £951₂\$
RTZ Corporation PLC 3.325% "A" Cum Prf £1 - 48
RTZ Corporation PLC 3.5% "B" Cum Prf £1 (Pag) - 52 4 (50:594)
Racel Electronics PLC ADR (2:1) - £4.7299 (30:694) un Great Nordic Ld She DK100 - DK579.18 81.45 (30\$e94) G.R.(Hidgs, PLC 10¹2% 2nd Cum Pri C1 - 90 Rank Organisation PLC ADR (2:1) - \$121₂ .85 7₈ (50c94) ¼ (50€94)

Readout International PLC 5½ % 2nd Cum
Prt £1 - 52½ (50€94)

Recipit & Coliman PLC 35% Cum Prt £1 - 54

Read International PLC 3.85% (Emity 5½%)

Cum Red Prt £1 - 57 (50€94)

Richards PLC 45% Cum Prt £1 - 35 (50€94)

Ropner PLC 11½% Cum Prt £1 - 117

(30€94) G.T. Chile Growth Fund Lis Ord \$0.01 - \$32 \(^1_6\) 22.70993 32.790938 32 \(^1_6\) 33 33 \(^1_6\) 33 \(^1_6\) rai Accident PLC 77/1% Cum lind Pri 121 General Accident PLC 87s% Cum krd Pri \$1

Ropner PLC 11½% Curn Prf E1 - 117
(30c94)
Royal Bank of Scotland Group PLC 5½%
Curn Prf E1 - 65 (40c94)
Royal Bank of Scotland Group PLC 11%
Curn Prf E1 - 111 (40c94)
Ruggly Group PLC 6% Uns Ln 5tk 93/98 286½
Russell/ - 1041₂ I₄ astetner Hidgs PLC Ord Cap 25p - 130 Gesterner Hidge PLC Ord Cap 25p - 130 (40c94) Gibba & Dandy PLC Ord 10p - 95 Glano Group Ld 64 % Uns Ln Sik 85/95 50p - 49 MOc99 Gymwed International PLC 7½% Cum Prf E1 - 72 (ACG49 Gymwed International PLC 10½% Une Ln Silk 94/99 - E98 100½ Goode Durrant PLC 3.5% Cum Prf 50p - 25 (305/94) Grand Metropolitan PLC 5% Cum Prf E1 - 53 (4Ce94) 771 - 97 (30)(39) ICEcorp She of Com So. of NPV -\$13,23824& 4. ISAICH & Backell Co PLC ADPI (\$:1) -

57.264593¢
Seatch1 & Seatch1 Co PLC 8% Grv Une Ln
Stit 2015 - £74 (40;94)
Seinsbury() PLC ADR (1:1) - \$6.3
School PLC 85% Cum Red Prf 2001/05 21 051, 7015241 Grand Metropolitan PLC 6¹4 ¹4 Cum Pri £1 - 63 4 (40c94)
Grand Metropolitan PLC 6¹4 ¹4 Cum Pri £1 - 63 4 (40c94)
Great Portland Estates PLC 9.5% 1% Mtg
Deb Sth 2018 - 233²1 (40c94)
Great Unwestel Stone PLC 5¹2% Red Una
Ln Sth - £32 4¹2
Greenalis Group PLC 8²4 Cum Pri £1 - 98
620c944 951₂ (905e94) chall PLC 51₄% Criv Curn Red Prf 2006/11 Scholl PLC 54% Grey Community PLC 7% City Cum Pri E1 - 83
Scottish & Newcastle PLC 7% Cnv Cum Pri E1 - 215
Seas PLC 4.8% (Fmly 7%) "A" Cum Pri E1 - 57 (3034)
Scouricor Group PLC 4.55% Cum Ptg Pri E1 - 51809
Severn Fiver Crossing PLC 8% Index-Uniced Oes Six 2012 (6.34%) - 1115½ (203484)
Shell Transport&TracingCo PLC 9rd Six (8r) 25p (Cpn 193) - 687½ (30-04)
Shell Transport&TracingCo PLC 9rd Six (8r) 25p (Cpn 193) - 687½ (30-04)
Shell Transport&TracingCo PLC 9rd Six (8r) 25p (Cpn 193) - 687½ (30-04)
Shell Transport&TracingCo PLC 9rd Six (8r) PrifCum(E1 - 80 (50-034)
Sheld Group PLC 0x 59 - 8 7
Sheld Group PLC 0x 59 - 8 7 Greenalis Group PLC 8% Cam HT K1 - 90 (20034)
Greenalis Group PLC 8% Ind Uns Ln Std - 6221; SQC641
Greenalis Group PLC 81/4% Ind Uns Ln Std - 6221; SQC641
Greenalis Group PLC 7% Cnv Subord Bds 2003 (Reg) - E1011/2 Cnv Subord Bds 2003 (Reg) - E1011/2 - 538.14 1/2 (50084)
HSBC Hogs PLC OXIS 5110 (Hong Kong Rog) - 5143.47 4/2 56 64865 //3831 p.49885 849005 8978 5.296245 361

Shootte Phance (UK) PLC 7.875p(Net) Cum Red Pri Shs 2003 - 30 Sketon Building Society 12% to Perm Int Bearing Shs £7.000 - £115 % 8 Smith New Court PLC 12% Subors Uns Ln Str 2001 - £103 Smith (W.H.) Group PLG 51/2% Red Uns Ln

Smath@ine Beecham PLC ADR (5:1) - \$3\$3matikuna Beecham PLG/SnathGre ADF (6:1) - 530 .123996 \ 15 2 215 \ \ \ \ \ 265 .373888 \ 7 Smiths Industries PLC 11¹4% Deb Stx 95/ 2000 - \$101 (39Se94) Stag Furniture Hidgs PLC 11% Com Pri 21 ndard Chartered PLC 12% % Subord Una

Ln Sik 2002/07 - 2111k (Socse) Symonds Engineering PLC Ord Sp - 33½ TSB Group PLC 10½% Subord In Sik 2008 - 2105k TT Group PLC 10.875% One Cum Red Prf Shs C1 1997 - 263 Tate & Lyle PLC ADR (4:1) - \$26.85 (50c94) Table 3. Lyte PLC 61/94(4.5%) plus tax cred-17th 3. Lyte PLC 61/94(4.5%) plus tax cred-19Cum Pri 61 - 56 (50-6)4)
Taylor Woodrow PLC 91/96 1st Mrg Deb SS. 2014 - 697/4 (30-694)
Taylor PLC ADM (1-17) - S.8 Tegon PLC 41% Unit Deep Disc Lin Sik 2006 -682 (30Se94)
Tegon (1014)

162 (30Se94) Texaco International Financial Corp5% Stig/S Chy Gld Ln Stik 81/99 - £120 onel Fund Ld Ptg Shs \$0.01 \$33500 34000 (40c9a) NID PLC 4-4% Pero Deb Stk - £47 (ops Estates PLC Wita to sub for Ord - 2212 512 (30Se94) - 2 munecial)
Tratalgar House PLC 91/2% Uns Ln Six 2000/
05 - 590 3 (30Se94)
Tratalgar House PLC 91/2% Uns Ln Six 2000/

Holdings PLC B 6% Ony Pri C1 ansateaniis r - 90 (50c:34 ransport Development Group PLC 81/2% Una Ln S6/93/98 - £961/2 (30Se94) Transport Development Group Pt.C 121₂% Uns Ln Sk 2008 - 515 ₁₈ Unight Pt.C ADR (1:1) - 55,14 5.27 53₂ Unight Pt.C 61₂% Uns Ln Stk 91/96 - 594 6 (40c94) (40c94)
Uniform PLC ADR (4:1) - \$70.4 (40c9.4)
Uniform International Co PLC 6% Curin Prit Sti.
21 - 33 (40c9.4)
Unitsys Corp Corn Stik \$0.01 - \$11.43
Unitsy Cable PLC Warrants to sub for Ord 18

Vaux Group PLC 10.75% Dab Stk 2019 -E1111/2 (30Se94) Nokera PLC 5% Cum(Tax Free To 30p)Pri Sik £1 - 62 (50c94) Sot 1: - 52 (5Oc94)
Vodelone Group PLC ADR(10:1) - 529% 30
1; 37(3) 4, 4889
Wallen(Thomas) PLC Ord 5p - 28 (4Oc94)
Warburg (S.G.) Group PLC 7%% Cum Pri 1:
- 89 Varburg (S.G.) Group PLC Criv Dfd 25p -322 (40c94)

grand Nigel Ld Crd RO25 - 45 B

idgs) PLC 84% Cum Red Pri tottish Mortgage & Trust PLC 8-12% Stepped Int Deb Stk 2026 - £122 5 2006 £1 - 100 (40) 2006 £7 - 100 (s/Ccs4)
Wellsonne PLC ADR (1:1) - \$103
Wells Farge & Company Shs of Com Six SS \$1422 (SCc9-)
Wenbley PLC &pt/cet/Cnv Com Red Pri 1999
£1 - 60 (805694)
Westeldhave Property Corp PLC 9.5% 1st Mtg
Deb Six 2015 - 20512
Michandel BLC 65X 3nd Corp PL 5 19 Co. 63 d PLC 6% 3rd Cum Prf Stk E1 - 62 toread PLC 7% 3rd Cum Pri Str. 51 - 71 Visitoread PLC 412% Red Deb Six 99/2004 -PLC 5 kg Ind Uns Ln Stk - 258 bread PLC 71453 Uns Ln Stk 95/39 -

ed PLC 74% Uns Ln Str 96/2000 ant Co PLC 812% Deb Sik £93 (30c tt PLC 5,1% Cam Pri £1 - 57 USM Appendix roon Group PLC ADR (5:1) est PLC 1012% Cum Pri E1 - 105

Xerox Corp Com Stk \$1 - 285.85 \$ 1044 York Waterworks PLC Ord 10p - 325 (50c94) Yorkstore-Tyme Tees TV Hisigal PLC Wils to sub for Ord - 218 ted Copper Mines La B' Ord K10 - 5346

Investment Trusts Baille Gifford Japan Trust PLC Wis to Sub Ord Shs - 95 6.95 7 100 1 (SQc94) Baille Gulford Shin Nippon PLC Ord 10p -160 60 12 .58 112

sup for Crd - 120 Entish Assets, Trust PLC Equities Index ULS 2005 10p - 149¹/₂ 51 (SOCS⁴) Entish Empre Sec & General Trust 10¹/₂ % Deb Sth 2011 - 1705¹/₂ (40Cs)⁴/₂ Cental Geeting Trust PLC Ord 25p - 460 (SOCS⁴)

(SAUSA) Strongte Korea Emerging Growth FundSte Strong Lucy - \$12% baseds Iscome Growth Inv Tat PLC 312% with liny Tat PLC 312% Cum Pri Stk - £55 natury Smaller Co's Trust PLC Zero Div Pri 25p - 1791₂ (50c94) Penning For Esistem Inv Trust PLC 412% Carn For E1 - 45 (305-64) Penning Mercanitic Inv Trust PLC 3.5% Cum Pri St. E1 - 51 Foreion & Col Immedia

Pri Sis, E1 - 51
Foreign & Coll Invest Trust PLC 4¹/₄% Perp
Deb Sis - 241 (SOcs4)
Cartaiore British Inc & Griff Tist PLCZeno Divi-dend Pri tigp - 100
Gartinone Shared Equity Trust PLC Geored
Ord Inc 10p - 1044
HTR Japanese Smaller Co's Trust PLCOrd TR Japanese smarer Co a musi r construction 125p - 103 1₂ 41₂ 1₂ 5 Nestore Capital Trust PLC 71₄% Deb Six Fledgeling Japan Ld Warrants to sub for Ord - 48 8 50 Ord - 48 9 50
Lazard Select Investment Trust Ld Pig Red
Prt 0.19 LUK. Active Fund - 113.79 13.79
13.84 (305.694)
Lazard Select Investment Trust Ld Ptg Red
Prt 0.19 LUK. Liquid Assets Fund - 1100
Longon & St Lawrence Investment PLCOrd
5p - 151 (500.94)
Monits Investment Trust PLC 1196 Deb Six
2012 - (11216 (500.84)

2012 - £112¹2 (50c34 verCo's Tat PLCWis to aub for Ord - 59 9 60 (50c9) sub for Ord - 59 % 60 (SOCS)4) iew Throgmonton Frust(1983) PLC Zero Cpn Deb Std. 1998 - E70 (20Cs)4) orthern Indust Improv Trust PLC Ord £1 -

Northern Indust Improvement Study PLCSers "A"
S00 (30c94)
Paribas French Investment Trust PLCSers "A"
Warrants to sub for Ord - 25
Warrants to sub for Ord - 25 Parigos French Investment Trust PLCSers
"8" Warrants to sub for Ord - 19 2012 Flights and Issues Inv Trust PLC 5½% Cum Prf £1 - 82 (30Se94) Scottish Eastern Inv Trust PLC 4½% Cum Pri Stk - £46 (30c94) codbsh Eastern Inv Trust PLC 9½% Deb S& 5050 - 5103 tment Trust PLC 3.5% Cum Ptd Stk • £49 630Se94

cottish Morrgage & Trust PLC 8%-14% Stepped Interest Deb Sik 2020 - £1424 (30599) hires High-Yielding Smitr Ca's TstWts to Sub for Ord - 721₂ (305694) lphare Investment Trust PLC Revised Wa (305e94) ust PLC Revised Wor-Sphere investment Trust PL rants to sub for Ord - 4¹2 The City of London Trust PLC Pid Ord Stig20% Non-CumjE1 - 195 (30c94) Progranton Trust PLC 12 5/16% Deb Sik 2016 - 2118 - 2220 2016 - £118³4 (50c94 rust of Property Shares PLC Womants to sub for Ord - £0,17 nent Co PLC 8% Deb Stk 96/99

Dakota Group PLC Ord MS0.25 - MS0.26 FBD Holdings PLC Ord 1/20,50 - 1£1.6 (40c94) Gibbs Mew PLC Ord 250 - 455 60 8 73

and & Scottish Resources PLC Ord 10p -2¹2 (30c94) Nation Group PLC Ord N20.05 - N20.28 (30c94) Total Bystems PLC Ord 5p - 28 (3Oc94) United Energy PLC Wis to sub for Ord • 7

Rule 4.2(a) Aciditi Carr PLC Ord 5p - 50.22 (40c94) Actionced Media Systems PLC Ord 51 -51.45 1.46 (40c94) Artican Gold PLC Ord 1p - 50.035 (40c94) et Brewery Co Ld Criv Rad 2nd Prf

ball Club PLC Ord £1 = £475 Arsenal Football Club PLU Cre ...
Ascot Hogs PLC Var Rate Crv Curt
10p - 20,04 (30c34) Sure Group PLC Ord 10p - 20-28 0.29 (50-34) rotaya Investment Fund(CLL) Sterling Bd Fd (CL-8054 (40c94) Bell Court Fund Management PLC Ord 10p e Holdings PLC Ord 5p - 20.48

en PLC Ord Sp - 50.08 0.1 (40c94) im PLC Ord Tp - 00.1 poliboli & Almelic Co Ld Ord 61 - 065 i Islands Coms (TV) Ld Ord Sp - \$0.54 (oucs4)
Codits Consulting Group PLC Sp(Not) Curn
Criv Red Pri - \$0.5325 0.58 0.58 (30c94)
Crowther(John Edward) Hidgs \$12% Curn Pri
C1 - 20.65
D.B.S.Marregement PLC Ord 10x - 12.85th

C1 - 20.65
DB.S.Marregement PLC Ord 10p - 22.95¢
Dewison Heigs PLC Ord 10p - 24.95 (40c94)
De Gruchy (Marshant) Co Ltd Ord 20p C1-22 (30544)
Eastbourne Water Co 8.875% 1st Curn Red (BJ) PLC 7,5% EVen Crw Cum Red Pri

Bitot (BJ) PLC 7.3% (Mer) Cwr Cum Red Prt E1 - £1.23 (40c94)
Enterprise Computer Hidge PLC 10% Une Ln St; 52/86 - £2/12 (505654)
Enterprise Computer Hidge PLC 10% Une Ln St; 52/86 - £2/12 (505654)
Enchant PLC Ord 50p - £2 (40c84)
Faxcast Broadcast Corporation PLC Ord 5p - £1.22 (50c94)
Furforg Hourse Group PLC Ord 10p - £1.22 (50c94)
Furforg Hourse Group PLC Ord 10p - £1.25 (50c94)
Graduate Appointments PLC Ord 10p - £1.04 (50c94)
Graduate Appointments PLC Ord 10p - £1.034 (50c94)
Guernsey Press Co Ld Ord 10p - £1.034 (50c94)
Hampshire Company PLC Ord 15p - £0.22 (TS Group PLC Ord 51 - £0.41254)
Jersey New Waterworks Co Ld 2% Cum 4th Prt (5 - £0.8)
Justic New Waterworks Co Ld 2% Cum 4th Prt (5 - £0.8)
Hollowork Bensonfint Fund Man Emerging Malesis Pund - £18.46 (16.884) 19 8c140 (16.896) 19

Kleinwort Benson(Int) Fund Man int Equity Gwih Inc - 62,695 (30c94)

Labyenth Group PLC Ord 10p - 00.43 Lawrence PLC Ord 10p - 01.85‡ (40c94) Lawrence PLC Ord 10p - 01.85‡ (40c94) Lawrence Group PLC Ord 21 - 22.8 (40c94) La Riche's Stores Ld Ord 21 - 22.8 (50c94) Landon Fox PLC Ord 10p - £0.1 (30Se94) Manchester City Football Club PLC Ord £1 -Americane City Football Crub PLC Ond Ct -C15 (50Cs4) American & Marcantile Securities PLC Ord Infa.20 - C1.7 (DOCS4) Americany Fund Manufisie of Mark Mercury Int. Band Fund - C0.5304 (30cs4)

routional Group PLC Ord 1p - 90.2 NLW.F. Ld Ord £1 - £714 (50c94) North Surrey Water 10% Pri 1p - £0.015

Colonia Enterprises Ld Ord £1 - £0.015 0

QualMedia PLC Ord 5p - ftl 51 0 5R Pacific Media PLC Ord 19 - 24 Pacific Media PLC 11% Cum Prt (1 - 50.47 of 5 50c94) Pan Andean Resources FLG Unit (p - 60 /co

Park Estates(Liverpool)Ld E1 - £1.86 (J.O.:94) Park Lane Hotel PLC Ord 35p - 854 etualijerses) Ottohore En Porpobusitions of Orthone For Eastern Green Fd - \$3.336 (305e94) Perpetual/Jersey) Offshore (Sk. Growth . E1.7852 (40094)

opers Foutball Club PLC Ord 10p - CO.85 Select Industries PLC New Crut 712p (5p Pd) - 20.025 (40ct)4) Snepherd Normo Ld "A" Ord E1 - 1814 7 (NOCS4) South Green Hogs PLC Ord 1p - 50 01375

Southern Newspapers PLC Ord C1 -Southern Vectla PLC Ord 10p - Cu14 (30So94) Sun Of Britain Ld Ox Royalty Six Units 1p £0.7 (40c94) Surrey Free Inns Ord C1 - C0.48 (300,73) Sustain Highbour Hiddys Ld Ord 25p - C1.3 (Thickles)Daniella Co PLC Ord 25p - C2 8p

Transfour PLC Ord 5p - 10 05 Fracker Network PLC Ord E1 - E3/2 10/4 (50c94) United Business Group PLC Ord £1 - £0.62 OC PLC Ord £1 - £4.05 (40) Visita Entertainments PLC Ord 56 - 10 61 (30c94) Wadsvorth & Co Ord £1 - £8.85 (305e94) Wadworth & Co 94 % Curr Pri 21 - 21 04 Wadworth & Co 94 % Curri Pri 21 - 21 04 (205694) (JUS694) Warburg Assot Munagement Jorsey Movemby Inti Gold & General Fd - £1.99 Wedderburn Securities PLC Wis to sub far Ord - 80.05 (30c)41 k Ld "A" Non V Ord 25p - 618

CO.O: natch Group PLC Ord 10p - 10 53 Minchester London Trust PLC Ord 5p · \$0.8 (208e94) Vinchaster Multi Media PLC Ord 5p - £0.56 (SOc94) Yeates Group PLC Ord 10p - \$312

RULE 2.1 (a)(v) Bargains marked in securities failing within Rule 2.1 (a)(i) w

Ballarat Goldfiolds ASO 252(3.19) Bamboo Gold Mines AS0.03024(5.10) Bank East Asia H\$32 027305(6 10) Вава Кличал 157Ф(30 9) ons 115/30.9 Brush Wellman \$16(3.10) Centaur Mining & Exp ASU 527615(0.10) Comm Psychiatric Control \$134,127(6.10) Dulker Exp 837124G-103 Energy Res Aust A and AS1.28516(4.10) Forest Labs \$49,875(0,10) General Socs law \$\$1 954224(5.10) Golden Valley Mines 2(6.10) Haoma Nth Wat 1214-101 Loveraged Cup Hidgs NC90.20ф(3.10) Murroy & Roberts FZ945(5.10) Nat Fuol Gas Co 52974(3.10) Nth Flinders Mines A\$9,00768,108 OR Search 44(5.10) Pretoria Partiund Com £1212(6,10) Quaker State Corp \$144(30.9) Regal Hotel Hidge H\$2,010,2 00544(3.10) Utd Overseas Land SS2,7888(4,10)

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FINANCIAL TIMES Newsletters

LONDON STOCK EXCHANGE

Firm close for equities as bonds advance again

By Terry Byland, UK Stock Market Editor

A firm performance from bond prices again helped UK equities move higher to challenge the FT-SK 3.000 mark, brushing off a scare about reported developments on the Kuwait border as Wall Street opened positively in the wake of the keenly-awaited US employment data. The FT-SE 100 Share Index closed 14.3 ahead at 2,998.7 and long dated gilt-edged stocks were around % of a point higher.

Equity trading volume remained modest but the market looked more confident as the US employment statistics failed to dislodge an early gain which took the Footsie to within five points of the 3,000 mark Confidence was challenged in the second half of the session when

reports flashed across the trading may soon raise its key interest rates screens suggesting Iraqi troop novements on the Kuwait border. Oil shares, and also sterling. flicked higher on the news agency reports from the Middle East, and the Footsie gain was trimmed from 11 to 4 points very quickly as investors pondered the implications of a

bond yields as well as currencies. But the news agency reports could not be fully sustained in UK market hours. Markets soon settled down again, and the Footsie rallied behind a Dow Industrial Average which added 12 points in UK trading hours.

renewed threat to oil prices and

At last night's closing reading, the Footsie Index was down just under 1 per cent over a week which has seen the market unsettled by fears that the US Federal Reserve again. Worry over upward pressures on global rates are focused sharply on the possibility that UK base rates could be forced higher again before the end of the year.

But the gilt-edged market, where a recovery is seen as the necessary requisite for a return to health in equities, has been in better form this week. Short-dated gilts, those most closely linked to base rate perceptions, edged forward yesterday and longer dates, more keenly aligned to views on inflation, extended their early gains in the second half of the session. Past weeks have seen investment cash moved from equities into gilts.

Nevertheless, sentiment remained unsettled and an erratic equity market dipped sharply in early trading when futures selling fell on an unwilling equity market. Next week factory, it has become more nar-brings a heavy list of economic data rowly focused, threatening the from both sides of the Atlantic. On the home front, investors will

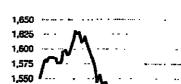
focus on the Retail Price Index for September which is due, together with average earnings and wage cost statistics, in the middle of the week. Later, markets will face the producer price index from the US, with retail sales and consumer price figures to follow. Most of the action lay in the Foot-

sie stocks yesterday, and the FT-SE Mid 250 Index was left to edge ahead by 2 points to 3,447.5. Business in non-Footsie stocks made up only just over half of yesterday's Seaq volume total of 512.4m shares which was nearly 12 per cent down on the previous session. While retail business, life-blood of the big securities firms, has remained satis-

financial health of the less prominent names in the market.

On Thursday, retail, or customer business, was worth £1.2bn, maintaining the flow of profitable trading sessions for the London-based securities industry.

In spite of the weakness of the stock market, many market strategists have repeated relatively bullish forecasts for prospects for the F-SE 100 Index over the final three months before the end of the year. Economic recovery, in the form of corporate earnings and dividends is still seen the near-term prop for the stock market, although two leading firms warned yesterday that consumer spending might continue to face restraints both this year and





Turnover by volume (million), Excluding: intra-market business and overseas turno 400

Equity Shares Traded

·-----

■ Kev Indicators

Aug

1,525

1,500

1,475

,		
Indices and ratios		
FT-SE Mid 250	3447.5	+2.0
FT-SE-A 350	1505.9	+5.7
FT-SE-A All-Share	1494.19	+5.10
FT-SE-A All-Share yield	4.03	(4.04)
FT Ordinary index	2310.4	+2.3
FT-SE-A Non Fins p/e	18.38	(18.32)
FT-SE 100 Fut Dec	3017.0	+21.0
10 yr Gilt yield	8.82	(8.91)
Long gitt/equity yld ratio:	2.20	(2.21)

FT-SE 100 Index Closing Index for Oct 7 2956.3 3001.8 2983.5 Oct 3 .3025.2 High" .. 2950.2

TRADING VOLUME ■ Major Stocks Yesterday Val. Clasing Day's 000e price chang 4,000 | 140|4,000 | 140|4,000 | 140|177 | 1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 170|1,000 | 17 Norweb Peerson† P & O† Racel Orp.† Reckin & Coin Reckin & Coin Reckin & Coin Reckin & Restold† Restold† Rolls Roycef Rolls Roycef Royel Insusance Seinsbury† Schroders† Scottish & Nes Scott Hydro-E Scottish Power Scottish Power

FT - SE Actuaries Share Indices

FT-SE 100 FT-SE Med 250 FT-SE Med 250 ex law Treats FT-SE-A 350

FT-SE SmallCap FT-SE SmallCap ox boy Trusts

■ FT-SE Actuaries All-Share

EQUITY FUTURES AND OPTIONS TRADING Stock index futures moved At the official close the ahead strongly for the second premium to the cash market was 18.3 points and the fair day running with turnover once again at a good level. The FT-SE 100 December value premium around 15.5 points. Traded option volume sector contract closed 21 points was 27,669 lots, down from higher at 3,017.0 for a two-day advance of 43 points. Trading Buyers moved in quickly volume was 13,892, against once Wall Street came into the 13,092 on Thursday. reckoning.

T-8E	100 INDEX	FUTURES (LIFFE) 225	per full inc	iex point		(APT)
-	Open 2980.0	Sett price 3017.0 3041.0	Change +21,0 +21,0	High 3020.0	Low 2975.0	Est. voi 15461 0	Open Int. 55885 2178
T-SE		DEX FUTUR				int	
	3450.0	3460,0	+10.0	3470.0	3450.0	330	4018

E FT-SE ME	D 250 H	DEX FUTURE	S (OML)	() £10 per f	uli index point
Dec		3455.0	-		

EFT-S		250 JN	DEX FU	TURES	DWL	K) £10 perfi	all index po	int
Dec		-	3455	.0	-	-		
Ай орел	interest	fgures	are for pr	revious o	iay. † E	tact volume	ehoen.	

<u> </u>	-SE 100 II	EDEX OF	JON (LIFF	E) ("2997) !	C10 per full	Index poir	nt	
	2800	2950	2900	2950	3000	3050	3100	3150
Jan Jan†	232 ¹ 2 17 ¹ 2 245 29 ¹ 2	188 25 ½ 207 53 228 53	150 37 171 ¹ 2 54 ¹ 2	113 ¹ 2 50 137 71 ¹ 2 161 85	831 ₂ 701 ₂ 1091 ₂ 93	58 ¹ 2 96 83 117 ¹ 2 105 129	C P 11 108 ¹ 2 38 125 ¹ 2 51 ¹ 2 147 ¹ 2 83 ¹ 2 158 150 195 ¹ 2	24 164 ¹ 2 44 181 83 189

	4,796 Pats 12 URO STYLI	-	00 INDEX	OPTION (UFFE) £10	per full inc	lex point	
Calls	206 ¹ 2 18 ¹ 2 222 ¹ 2 32 ¹ 2 270 ¹ 2 60 ¹ 2 310 ¹ 2 81	166 28 185 44 ¹ 2 1 ** Underlyks	130 41½ 150½ 59½ 203½ 90½ 245½ 112	98 59 ¹ 2 119 ¹ 2 78	3025 31 ¹ 2 54 71 ¹ 2 82 93 ¹ 2 101 ¹ 2 147 131 ¹ 2 189 151 ¹ 2 shown are ba	49 109 ¹ 2 70 127	321 ₂ 1421 ₂ 51 1571 ₂ 1001 ₂ 1821 ₂ 139 1971 ₂	35 191

ME EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) \$10 per tull index point

FT-SE-A INDICES	- LEADERS & LA	GGARDS
Percentage changes since D	ecember 31 1993 based on F	nday October 7 1994
(8 Exploration & Prod +7.22	FT-SE Mad 250 ex II8.89	126126
Printing, Paper & Polog +6.09	Food Manufacturers8.90	Deversation industrials13.4
Eductive Inds+5.80	FT-SE NM 250	Gas Distribution14.7
Mineral Extraction +4.76	Hon-Fixancials9.23	Distributors
Oil, Integrated+4.73	Pharmaceuticals	Life Assurance
Engineering, Vehicles +2.75	Spirits, Willes & Cidens10.48	74002616, General18.8
FT Gald Milnes Inder +0.69	levestment Trests10.70	Transport16.8
Cherescals	Services	Teleconomunicazions18.2
-1.12	Electronic & Elec Engst10.82	Balling Materials18.9
Retaliars, Food1.74	Health Care10.87	Property
Leisure & Hotele ,	FT-SE-A All-State11.17	Household Goods
Biachticity3.04	Consumer Goods11.27	F(randals20.2
FT-SE STREECap ox IT4.07	FT-SE-A 35011.57	9250F88CE
FT-SE SmetCap5.15	Textiles & Apparel12.17	Banks21,6
Breweries6.24	FT-SE 10012.29	Building & Construction22.1
Madia6.28	Support Sanices .12 54	Tobacca .22.4

or securilles Teales on FT-				Jeteraji e	n# 4.30ps.	Trades	Ge	a Many	factorers			upport Si Milien			tracco Estant Bar	is	22.49 23.85
Shar	e In	dices						. : .						6 A	The L	JK Se	ries
Oct 7	Day's chge%	Oct 6	0a 5_	Oct 4	Year ago	Div.	Esra. pistik	P/E rasio)	. Total Return			94 Low			mpiledon Los	
2998.7 3447.5 3441.4 1505.9 1771.94 1743.66 1494.19	-0.2		2958.3 3429.2 3423.0 1487.7 1778.51 1750.29 1477.82	1765.94	3168.6 3477.3 3486.0 1551.6 1782.36 1775.02 1538.97	3.79 4.06 3.34 3.54	6.95 4.97	20.20 18.79 17.05 25.27 23.07	103.70 107.68 51.33 45.66 47.07		4152.8 4160.7 1778.3 2094.98 2060.72	42	3362.4	3529.3 4152.8 4180.7 1778.3 2094.98 2060.72 1764.11	272/94 3/2/94 19/1/94 2/2/94 4/2/94 4/2/94 2/2/94	1378.3 664.5 1383.79 1383.79	23/7/84 21/1/86 21/1/86 14/1/88 31/12/92 31/13/92 13/12/74

		uays dge%	Oct 6	Oct 5	Oct 4	980 1886	yar%	SETT.	17E 1860	AD SOL YEU	Return	High	19	Low		H	gh	nipeanou L	,
10 MINERAL EXTRACTION(18)	2685.61	+1.2	2852.98	2841.16	2668.27	2360.00	3.43	5.10	24.81	81.42	1080.88	2902.01	5/9	2439.96	31/3	2802.01	5/9/94	980.29	19/2
12 Extractive industries(4)	3931,38	+0.4			3944.28		3.26		23.69		1084.73	4197.55	2/2	3656.88	12/7	4197.55	2/2/94	1000.00	31/12
15 Oil. Integraled(3)	2633.88	+1.5					3.58	5.71	21.81	85.60	1083.31	2782.46	5/9	2349.96	30/3	2762.45	5/9/94	982.30	20/2
6 Oil Exploration & Prod(11)	1890.84	+0.1					2.20			38.03	1094.01	2089.43	27/4	1784.40	31/3	3944,10	8/8/90	650.30	28/7
	1842.70	-0.1		1835.51	1880.08	1930.50	4.13	5.24	22 12	63.89	940.62	2232.68	2/2	1835.51	5/10	2230 RS	2/2/94	986.10	14/1
v	1018.55	-0.1	1018.43				3.87		24.23		799.74	1569.10	8/2	1017.84	5/10	2125.60	16/7/87	538.30	99
· · · · · · · · · · · · · · · · · · ·	1783.72	0.3			1818.20		4.14			61.63	842.37	2393.22	24/1	1783.72	7/10	2393.22	24/1/94	954.80	9/1
2 Building Vestle & Mexche(32)	2305.24				2312.42		4.02		28.23		1022.83	2586.42	8/8	2266.12	5/10	2588.42	8/8/94	979.50	147
n communical	1752.39						523		282		901.11	2231.57	2/2	1742.96	5/10	2231.57	2/2/94	964.80	
	1878.14	-41	1878.92			2218.80	401			57.50	918.53		4/2	1838.48	6/7	2263.38	4/2/94	986.80	29/
3 Draw or Day	1772.48	0.2			1782.22		3.21			46.95		2011.17	2/2	1736.95	24/6	2011.17	2/2/94	982.80	
o naturalist d	2186.07	-0.9				1863.90	4.58			73.39	1060.22	2516.95	8/8	2005.34		2516.95	8/8/94	995.60	14
			2754.84			3489.80	3.10			73.24	1088.39	3945.61	18/3	2621.19	4/1	3045.61	18/3/94	973.30	14
	2763.18 1595.24	+0.5				1932.70	4.22			48.49	901.79	2024.96	4/2		5/10	2325.00	2/10/87	960.60	24
9 Textiles & Apparel(20)	1000-49	+0.0					_												
	2659.19	_				2772.90		7.52		105.25	921,95		24/1	2494.94	24/6		22/12/92	967.50	14/
	2151.36		2156.36			2050.50	4.40			B1.10	963.75	2484.52	19/1	2071.07	24/6	2464.52	19/1/94	982.00	14/
2 Spirits, Wiges & Cidens(10)	2754.84	+0.1		2731.19		2682.20	4.05			100,95	927,15		341	2636.46	24/6	3467.00	11/5/92	967.50	14/
3 Food Manufacturers(23)	2240,75	-0.5		2242.23		2918.30	4.83			78.18	942.58		19/1	2099.25	24/8	2900.64	19/1/94	948.10	14/ 21/
4 Household Goods(13)	2285.81						3.96			57.31	B16.55	2894.14	18/2	2275.86	5/10	2994.14	18/2/94	927.10	21/ 21/
	1574.52		1571.63			1711.70	3.20			45.47	916,30	1908.13	19/1	1558.48	5/10	2047.40	28/3/87	972.80	13/
	2943.75		2949.58			3149.50	4.48			125.18	941,88	· 3255.91 4718.86	26/8 7/1	2641.70	1/6 24/6	4168.90	14/1/92 29/12/93	953.70 962.00	9/
8 Tobacco(1)	3588.92	+1.3	3552.78	3498.25	3569.5B	3952.10	6.03	8.55	11.24	217.67	820,94	4/16.00		3120.74	24/0	4739.83	C#12/33		
O SERVICEN(220)	1862.96	+0.2	1860.03	1846,11	1875.44	1903.00	3.32	6.54	18.42	48.22	814,87	2207.77	197	1845.11	5/10	2297,77	19/1/94	944.93	23/
1 Distributors(30)	2498.66	+1.2	2489.36	2450.36	2475.91	2896.70	3.74	7.33		58.23	864,34	3319.33	2/2	2450.36	5/10	3319.33	2/2/94	968.57	21/
	2024.82					1929.20	3.45	4,91	21.97	53.89	999,21	2360.62	17/2	1984.16	6/7	2380.62	17/2/94	975.40	21/
	2755.72				2768.15	2513.90	2.52	5.47	21,25	88.90	958,66		17/2	2675.11	27/6	3349.11	17/2/94	976.2 0	9/
	1694.19						3.82	9.40	13.15	51.58	1014,33	1914.20	19/1	1511.94	25/4	2231.20	29/1/93	917.40	21/
	1594.19					1689.70	3.30	6.80	18.24	38.51	850.70	1910,67	4/1	1578.72	5/10		29/13/93	870.10	9/1
	1467.64				1407.25	1639.00	2.87	6.59	17.93		892,33	1886.43	2/2	1455,18	5/10	1886.43	2/2/94	339.00	14
	2170.58	-0.1	2173.25	2155.54	2185.00	2306.10	3.87	5.63	19.57	59.28	852,39	2905.98	3/2	2155.54	5/10	2905.98	3/2/94	960.00	147
	1241.48	-0.3	1245.43	1245.54	1251.89	1239.30	3.77	2.36	74.74	25.82	1066.51	1359.58	10/2	1130.62	21/4	2458.30	167767	983.10	74
	2343.25	+1.2	2314.54	2270 03	2298.04	2420.60	4.49	8.02	15.18	73.42	902.62	2782.33	2/2	2100.92	24/5	2762.33	2/2/94	802.50	3/1
O DISTRIBUTED	2420.03	+0.9		2366.96				10.16		83.46		2754.74	30/8	2024.12	34/8	2754.74	30/8/94	995.30	7/
of recognition	1929.60					2203.80	6.21	±	*		881.84	2366.77	7/1	1684.20	24/6	2379.30	16/12/33	994.90	9/1
of the parameter					, ,	2203.10	420			50.22	838.12	2650.42	2/2	1884.68	1/6	2481.20	29/12/93	802.50	3/1
A I MOROLINIA MARKET - I - I	1965.40 1820.11	+0.8			1768.06	1898.30		13.00	8.39		909.86	2128,79		1588.71	27/6	2126.79	3/2/94	824,70	1/
8 Water(13)	10-37-11											4000 00		4500.00	010		2201		120
9 NON-FINANCIALS(838)	1618.32	+0.3	1612.76	1588.44	1621_20	1646.47	3.99	8.53	18.38	52,66	1145,28	1879.36	22	1562.89	2410	1879.36	2/2/94	63,49	12/1
	2083.59	+0.4	2075 Dt	2054 11	2087.71	2297.00	4.65	9.46	12.25	86,88	828.19	2737.13	4/2	2034,74	24/6	2737.13	4/2/94	972.20	23/
0 Lifebiteness(sad)	2710.04					2814.70		10.57	10.83	114,94	814.38	3601.55	4/2	2615.77	8/7	3601.55	4/2/94	950L60	23/
i nameted	1204.99		1190.58			1497.40	5.B1		11.70	54.20	827.23	1583.51	24/1	1158.82	24/6	162L20	29/12/88	870.90	25/
2	2293.75				2271.71	2775.90	5.58			127.82	887,71	2921.37	19/1	2180.61	1/6	2921.37	19/1/94	967.70	23/
			223,17					12.71		87.78	784.61	3761.29	2/2	2582 02		3761.29	2/2/94	982.80	27/
4 Cite separateuriter		-	OF 00 40																
5 Merchant Banks(6)	2598.38	+0.1	2596.18	2584.93			4 10	R AE	19.46	63 18	447 3B	2279.35	4/2	1752.83	47	2279.35	4/2/94	258.30	1/1
5 Merchant Banks(6) 7 Other Françai(24)	2598.38 1766.61	+0.1	1772.30	2584.93 1777.37	1782.30	1821.70	4.10		13,46		±47,38 822 68	2279.35 1898 88		1752.83 1437.86	47 5/10	2279.35	4/2/94 5/9/89		
5 Merchant Banks(6) 7 Other Financial(24)	2598.38	+0.1 -0.3 -0.1	1772.30 1439.38	2584.93 1777.37 1437.85	1782.30 1446.25	1821.70 1668.70	4.21	439	25.80	42.03	822.68	1886.66	4/2	1437.86	5/10	2132.40	5/9/89	718.40	16/
5 Merchant Banks(6) 7 Other Francisi(24) 9 Property(41)	2598.38 1766.61	+0.1 -0.3 -0.1	1772.30 1439.38	2584.93 1777.37 1437.85	1782.30	1821.70 1668.70	4.21			42.03			4/2		5/10				16/
5 Merchant Banks(6) 7 Other Francis(24) 9 Francis(24) 0 WYESTMENT TRUSTS(124)	2598.38 1766.61 1437,77 2705.21	+0.1 -0.3 -0.1 +0.2	1772.30 1439.38 2700.82	2584.93 1777.37 1437.85 2698.56	1782.30 1446.25 2736.73	1821.70 1868.70 2818.10	4.21 2.28	4.39 1.99	28.80 50.67	42.03 53.41	822.58 909.78	1886.66 3184.31	4/2 2/2	1437.85 2616.98	5/10 27/6	2132.40 3184.31	5/9/89 2/2/94	718.40 977.20	16/
5 Merchant Banks(6) 7 Other Francis(24) 9 Francis(24) 0 WYESTMENT TRUSTS(124)	2598.38 1766.61 1437,77	+0.1 -0.3 -0.1 +0.2	1772.30 1439.38 2700.82	2584.93 1777.37 1437.85 2698.56	1782.30 1446.25	1821.70 1868.70 2818.10	4.21 2.28	439	28.80 50.67	42.03 53.41	822.68	1886.66 3184.31	4/2 2/2	1437.86	5/10 27/6	2132.40	5/9/89	718.40	16/
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5 Merchant Bankski) 7 Other Francisi(24) 9 Property(41) 0 INNESTMENT TRUSTS(124) 9 FT-SE-A ALL-SHARE(866)	2598.38 1768.61 1437.77 2705.21 1494.19	+0.1 -0.3 -0.1 +0.2	1772.30 1439.38 2700.82	2584.93 1777.37 1437.85 2698.56 1677.82	1782.30 1446.25 2736.73	1821.70 1868.70 2818.10	4.21 2.29 4.03	4.39 1.99	25.80 50.87 17.46	42.03 53.41 50.67	822.58 909.78	1886.66 3184.31 1784.11	4/2 2/2 2/2	1437.85 2816.98 1445.85	5/10 27/6 24/6 10.1	2132.40 3184.31 1764.11	5/9/89 2/2/94 2/2/94 High/day	718.40 977.20 61.52 Lov	16/ 14/ 13/1:
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Bidg & Costron	657.1			2916.4	2908.3	2918.2	2922.8	2917.1	2916.2	2919.0	2924.8	-5.8
Phormaceuticis	Forme	1789.1	1791.3	1791.1	1791.4	1797.7	1800.3	1802.5	1816.6	1817.5	1802.4	+14.9
Water	I . See.		2718.6	2723.4	2721.2	2723.3	2748.3	2743.3	2743.9	2743.6	2735.7	±7.8
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Switch in busy oil

Oil stocks, one of the quietest areas of the market in recent months as investors have focused on interest rate sensitive areas, suddenly moved centre stage, providing some of the biggest individual trades yesterday and also responding to developments in the Middle

Reports of big Iraqi troop manoeuvres close to the Kuwaiti border helped crude oil prices move up, stimulating all sorts of activity in oil shares which were already responding to strong overnight buying from the US.

The biggest move in the market involved one institution switching its entire holding of Enterprise Oil into BP. The switch was said to have been carried out by NatWest Securities and involved 7.4m Enterprise shares, some 1.5 per cent of the group, and 7.1m BP shares. Speculation as to the seller of the block of Enterprise centred on the Prudential, Scottish Widows and Legal & General insurance companies .

Enterprise shares have performed hadly this year retreating from a 1994 high of 457p. reached around two weeks before its ultimately unsuccessful bid move against fellow oil exploration group Lasmo.

BP shares, on the other hand, have gone from strength to strength hitting a record 430p last month, as the market responded to the company's strong earnings recovery and a string of exploration successes.

BP were additionally helped by talk of a buy recommendation from Cazenove and on hints of further exploration success west of the Shetlands. At the close BP were 9 higher at 415%p on turnover of 20m shares while Enterprise settled 7 off at 386p with 15m

Recs alert

Shares in the regional electricity companies fell sharply during early trading as Hoare Govett, the stockbroker, highlighted the possibility of a one-

NEW HIGHS AND **LOWS FOR 1994**

NEW HIGHS (2).
ENGINEERING (2) Keisey Inds., Sa. Hundred.
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off tax on the National Grid disposal, but they subsequently rallied strongly after London Electricity bought in seven per cent of its shares.

Helping fuel the bullish run by the stocks in the afternoon was news that Eastern Electricity had called an analysts meeting for Monday afternoon. The move was seen by dealers as indicating a possible share buy-back on Monday morning, a potential series of big cost cutting measures or even a

have received shareholder permission to buy in up to 14.9 per cent of its shares, in this case. some 38m shares. Eastern shares jumped 19 to 761p as the news filtered into the market.

Newspaper group Telegraph jumped sharply after parent

Creighton Naturally, Lionheart, INSURANCE Am Corp., Briddrock, Marsh & McLennan St INVESTMENT TRUSTS (30) INVESTMENT

Data Management, Microgen, Stat-Plus, TEXTILES & APPAREL (1) UK Salety.

takeover move against one of the other recs.

London's broker, SG Warburg Securities bought the 15.3m London shares at 672p a share, in a move similar to that carried out for Northern Electricity and Midlands Electricity recently. London shares closed 2 off at 683p with turnover expanding rapidly to 33m following the share purchases by Warburg.

group Hollinger said it intended to increase its share

group said it was confident of the prospects of the Telegraph and intended to buy up to 6.8n shares, taking its stake to 62 per cent from 57 per cent. The news offset a warning from the

Telegraph that operating prof its in the third quarter would be hit by the newspaper price wars. The shares leapt 45 before closing 20 better at 330p. Hard on the heels of Thurs-

day's James Capel downgrade story Barclays Bank shares fell further, losing 8 more to 542p, after 5390, on stories that UBS is preparing a sell note on the stock and also on rumours circulating in the market that the bank has suffered from substantial losses in proprietary

Bank of Scotland managed a minor gain at 1940 after Smith New Court executed a bought deal involving 4m shares bought for 187p each and placed at 1880. Vague rights issue talk also

resurfaced at T&N, leaving the shares 21/2 lower 2091/2p as the market speculated on the outcome of the company's plan for an enhanced scrip issue divi-Terms for the scrip are due

to be announced towards the end of this month with the \$47m savings to T&N underpinning its purchase of control of a controlling stake in German motor components group Kolbenschmidt. Lucas Industries lost ground

ahead of Monday's full-year results, retreating 5 to 177p as rights issue rumours swirled around the shares which stood at 196p a week ago. Turnover was relatively light

Eastern is the only Rec to at 3m trades and the consensus among analysts was that although sizeable restructuring provisions could well emerge on Monday, talk of an imminent financing move by the company was misplaced.

P&0 stood out among lacklustre transport shares, falling 6 to 596p in negligible trading volume. The shares have underperformed the market by 3 per cent over the past month and one top securities is known to be teeing up a buy recommendation.

Eurotunnel shed a further 5 to 248p as traders digested the implications of a substantial stock overhang in the shape of

	YESTERDAY			
3	London (Pence)			
f	Rises			
h	Chrysalis	213	+	7
1	Coal Invs	143	+	5
2	Eidos	395	+	60
e	Radamec	45	+	4
e !-	Rodime	14	+	3
-	Sateland	27	+	5
t	Telegraph	330	+	20
2	Verson Inti	131:	+	1V:
e 5	Wolstenholme Rink	788	+	20

Volstenholme Rink	788	+	20
alls			
Benson Group	8!4	2 -	213
Brockhampton	378	-	17
rost Group	205	_	25
Sovett & Co	353	_	16
kode Inti	53	_	7
eigh Interests	195	_	7
ucas Inds	177	-	5
DEM	22	_	5
ersona	142	_	9
Vetherspoon (JD)	393	_	13
etters	138	-	6

the 29m shares held by Bombardier of Canada.

News that food retailer Argyll Group was to sell 101 Lo-Cost discount stores helped the shares shrug off worries over the pricing war currently being fought out by competitors in the sector. The shares retreated to a low of 259p. before recovering on news of the deal and the improved market trend to close unchanged at 265p, in volume

Nervous trading in Body Shop ahead of next week's interim figures left the shares trailing 6 at 247p. It was also caution ahead of figures later this month in Highland Distilleries that left the shares 8 weaker at 423p. Cadbury Schweppes closed 6

lower at 442p on talk that it was planning a launch a bid for US group Dr Pepper/Seven Up in which it has a 26 per cent stake.

In the new issue market RD & F Man traded at a substantial discount to the issue price of 180p, closing at 172p. A profits downgrading by Smith New Court in Leigh Interests, the environmental services group, saw the shares

fall 7 to 195p. Biotech company Celltech was firm at 207p as Lehman Brothers recommended the stock ahead of a presentation on October 25.

London International, the condom manufacturer, eased 3 to 84p ahead of suspected downgrades next week.



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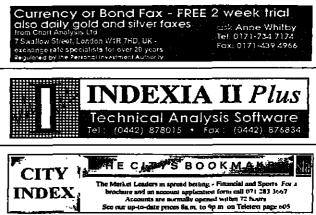
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NOTES - Proces on this page are as quoted on the regregate exchanges and are martly hast traded proces. Higher laws are based on data from Lan 1 1904 & Datilium sumperdent, at Ex divident, at Ex 1.7 0.8 1.2

WORLD STOCK MARKETS

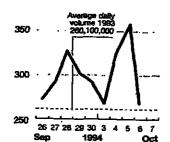
Oils climb as crude reacts to Iraq move

Wall Street

US stocks moved higher yesterday morning, with investors consoled that a crucial measure of economic strength came in below expectations, writes Frank McGurty in New

By 1 pm, the Dow Jones Industrial Average was 13.45 better at 3,788.01, and the more broadly based Standard & Poor's 500 was up 1.62 at 454.02. The American SE composite added 0.94 at 454.54 while the

NYSE volume



Nasdaq composite outperformed the lot with a gain of 3.77 to 747.96.

On the NYSE, advancing issues were slightly ahead of declines by early afternoon on moderate volume of 162m

Amid a week of fretting in the financial markets, the Labor Department disclosed that fewer workers were hired in September than most economists had forecast. Non-farm payrolls grew by 239,000, against a consensus estimate

of about 260,000. Even though the August increase in payrolls was revised sharply higher, the tame headline figure allowed bond prices to stablise. The yield on the benchmark 30-year Treasury issue receded after touching the worrisome 8.00 per cent level just before the

release of the jobs data. But the relief was qualified, at best. The news seemed likely to avert an immediate

move by the Federal Reserve

to put up interest rates, but a tightening did not appear to be too far in future.

Stocks opened with decent gains, but second guessing among investors quickly pulled the leading indices into negative territory. Towards midday. share prices headed higher for a second time, powered by across-the-board gains in oil-related stocks.

The sector's improvement had nothing to do with the economy or monetary policy. With reports of Iraqi troop movements near the Kuwait border and a subsequent upturn in crude prices, Texaco gained \$1% to \$61%, Chevron \$1% to \$42% and Exxon \$1% to

IBM was also contributed the Dow's advance. The stock added \$1% to \$70% on reports that the computer maker had sold out its new Aptiva line through the end of the year. But that gain was offset by

International Paper, which shed a further \$1% to \$75%. The issue was down from \$79% at the beginning of the week amid concern over the impact of another Fed move.

Shares in Unisys continued to recede after jumping about 10 per cent earlier in the week on reports that it was interested in finding a buyer for its defence business. The stock was off \$% at \$11%.

On the Nasdaq, Broderbund Software surged \$5% to \$57%. Oppenheimer lifted its rating on the issue after the company posted a 51 per cent increase in earnings for its fiscal fourth quarter.

Toronto overcame early weakness to trade mixed at midday, as some dealers expressed surprise at the strength in New York equities. The TSE 300 composite index was 4.61 lower at 4,271.71 by noon in volume

Of the 14 sub indices, eight were stronger but a 1.1 per cent fall in the industrial products group overpowered the rising transportation and merchandising groups. Potash Corp of Saskatchewan fell C\$3% to C\$48%.

Brazil down on strong real

São Paulo stocks dropped 6.5 per cent in a heavy morning sell-off, on analysts' concern that a steady rise of Brazil's new currency, the real, against the dollar could force the Central Bank to adopt restrictive measures against the influx of

foreign funds into the country. A local news agency report quoted an unnamed source close to Brazil's economic team as saying the government had no alternative to contain the real's rise except to restrict the

inflow of foreign funds. However, the Bovespa index

had recovered half of its early fall by 1300 local time to stand 1,567, or 3.1 per cent lower at 48,227. Brokers said that rumours that some banks and brokerage houses were facing financial difficulties had also weighed on prices and that heavy speculation ahead of the futures and options markets settlements on October 13 and 17 had also contributed to the

S Africa golds recover

South African gold shares snapped a four-day losing streak as bullion showed early signs of recovery, but a late dip in the metal pulled them off their highs.

The gold index finished 29 points better at 2,356 after anearlier rise to 2,377. Indus-trials shed 9 to 6,261, dealers saying that investors had avoided the market in spite of an early rise on Wall Street; the overall index was 3 better

FT-ACTUARIES WORLD INDICES

Coopergris, The Financial Terrora Limitest, Coldman, Sache and Co. and NatiWest Sect Latest prices were unavailable for this cellion.

Traders said gold shares had bounced in reaction to recent losses, but had also found renewed support from speculators looking for a commercial rand decline if the financial rand is abolished.

De Beers ended 50 cents better at R101 after an initial rise to R102. Anglos shed R1 to R233 and JCI added R1.50 to R106. Gencor rose 15 cents to R14.75. Pick'n Pay continued under pressure, losing 10 cents

Apprehension ahead of US data turns to relief

The story of the week and of this year, apprehension ahead of US economic data, turned to relief yesterday, writes Our

US payrolls growth came in below expectations. Reports that Iraqi troops were moving towards Kuwait put an dampener on bourse proceedings early in the afternoon but, later, lifted crude prices, and some of the oil majors in Europe

FRANKFURT ended slightly lower on the session, registering a new 1994 official closing low for the third day in a row The Dax index fell 0.44 to 1.960.59, 2.5 per cent down on the week in turnover up from DM6.4bn to DM6.6bn. After hours the picture

improved, the Ibis-indicated Dax moving 12.26 higher to 1,977.67 over 24 hours. Stars of the day included shares recently depressed, like the inter-related Deutsche Bank and Metallgesellschaft, which recovered DM21.30 to DM696.20, and DM11 to DM139 respectively.

Analysts attributed the Deutsche Bank gain to restructuring measures, aimed at helping the bank gain a better market position. Metallgesellschaft said yesterday that its bank debts shrank to DM4.1bn by

FT-SE Actuaries Share Indices THE ELIROPEAN SERIES Open 11.00 11.30 12.00 13.00 14.00 15.00 Closs Hourly changes FT-SE Eurobrack 100 1285.27 1284.76 1283.92 1282.48 1282.63 1285.48 1288.33 1287.99 1340.43 1338.11 1340.81 1346.01 1348.38 1344.02 Oct 5 Oct 6 Özt 4 Oct 3 1290.84 1345.42 1286.48 1335.96 1309.82 1357.86 1360.51

the end of 1993-1994 from DM7.6bn a year earlier. Schering, moved recently by prospects for its BetaSeron multiple sclerosis drug, fell DM25 to DM895, maintaining its weakness throughout the day. Analysts said that the shares reacted to news that

Biogen, the US biotechnology

company, would be producing

data on its own ms drug in San

Francisco on Monday. PARIS was looking at yet another new 1994 low at one stage in the day as the CAC 40 index fell to 1,825.36, but it posted a technical rebound to close 13.00 higher at 1,856.38, 1.2 per cent lower on the week, in turnover of FFr2.83bn.

Oils moved with the Kuwait news and crude prices, Elf Aquitaine rising FFr7.50 to FF1373.30, and Total by FF17.90 to FFr314. The water companies, Générale des Eaux and Lyonnaise des Eaux, put on

Intra day low

26 Sep 1994 Oct

High-technology stocks, on

the other hand, were higher on the weaker yen. Hitachi, the most active issue of the day.

rose Y17 to Y990 and Mitsubi-

shi Electric added Y17 to Y722.

Steel companies fell on profit

taking. Nippon Steel fell Y2 to

Y379 and NKK declined Y6 to

m Usaka, the USE avera

rose 18.02 to 22,008.11 in vol-

ume of 11.7m shares. Nintendo,

the video game maker, rose

Y50 to Y5,400 on the easier ven.

Rumours concerning the

health of China's leader and

unconfirmed reports of Iraqi

troop movements made for a

volatile day's trading in parts

took a switchback ride, plung-

ing almost 18.0 per cent in the

early afternoon on rumours

that China's leader, Deng Xiao-

ping, was ill, before picking up

to close 12.4 per cent higher as the rumours subsided.

to 735.86, off an intra-day low

of 544.00 and a high of 781.27

minutes before the close.

Rumours about Deng's health

were one of the the main fac-

tors behind a 28.5 per cent fall

over the the previous four trad-

The volatility of the day's

trade prompted allegations of

institutional manipulation of

the market while the late surge

was said to have been assisted

by unconfirmed stories that China would allow pension

ing days.

The index finished up 83.32

SHANGHAI'S A share index

of the Pacific Rim.

way lost Y2,000 to Y475,000.

Shanghai

A Shares Index

900

950

600

550

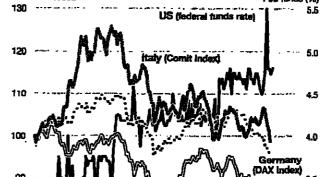
Source: FT Graphite

FFr13.90 at FFr481.90 and FFr9.90 to FFr488.40 as the political bears ended hostilities for the time being.

However, the scandal-tainted stocks did not all have a good day. Schneider, which has been at odds with the Belgian authorities, fell FFr8.10 to FFr371.90 on apparently good half year figures, after rising FFr6.60 in advance of them on Thursday

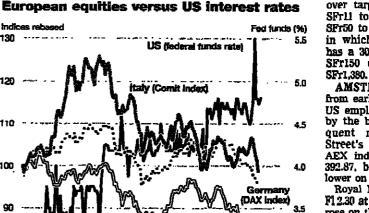
MILAN resumed its slide, flict between the government and the judiciary deepened. The real time Mibtel index fell 222 to 10,094 with news of a search by fiscal police on the offices of Mr Silvio Berlusconi's Fininvest group provid-ing the day's installment of drama. The index lost 6.9 per cent over the week.

One Milan dealer commented that the market was trading in conditions of "huge political



confusion". He added that L1,213, after a low of L1,138. mutual funds data earlier in the week indicated that equity funds already had near-record portfolios and were unwilling commit fresh cash while all but the most speculative of foreign investors were keeping a low profile.

Ferruzzi fell L64 or 4.4 per cent to L1380, after a low of L1,350, and Montedison was L34 or 2.7 per cent down at



The declines followed rumours. denied by the companies, of forthcoming capital increases ZURICH finished higher in the wake of the US data, and the SMI index rose 12.1 to 2,496.9, but was down 1.5 per

France (CAC 40)

cent on the week. investors turned the spotlight on insurers on the perception that after developments at Swiss Re, more of the smaller

over targets. Swiss Re added SFr11 to SFr699. Baloise rose SFr50 to SFr2.645 and Berner. in which Germany's Allianz has a 30 per cent stake, rose SFr150 or 12.2 per cent to

AMSTERDAM recovered from early weakness ahead of US employment data, helped by the bond market's subsequent recovery and Wall Street's firmer opening. The AEX index closed up 2.09 at 392.87, but still 2.3 per cent lower on the week.

Royal Dutch Petroleum was F1 2.30 at F1 187.50 as oil prices rose on the Kuwait reports. Some cyclical issues moved higher in a technical correction after recent falls, but chemicals were weak. Hoogovens rose Fl 1.80 to

Fl 74.10 but Akzo Nobel closed down 70 cents at Fl 196.10 and DSM was 60 cents lower at FI 137.10.

HELSINKI, closing early, was hit by sharp falls in the telecoms based conglomerate. Nokia, and in forestry shares, the Hex index closing 38.7. or 2.1 per cent lower at 1.831.8. 3 Nokia dropped FM14 to FM525.

Written and edited by William

ASIA PACIFIC

Deng health reports put Shanghai on switchback ride

Tokyo

Share prices gained ground thanks to small lot buying by overseas investors and improved confidence on the fall in the yen against the dollar, writes Emiko Terazono in

The Nikkei 225 index rose 89.52 to 19,744.75, up 0.9 per cent on the week. The index opened at the day's low of 19,689.84 and rose to a high of 19,753.65 in the afternoon ses-

The dollar's recovery to a one-month high triggered buying of export oriented stocks, which led other shares. Volume totaled 226m shares

against 202m. Most investors were absent from trading ahead of the three day week-The Topix index of all first

section stocks added 1.78 to 1.578.05 and the Nikkei 300 advanced 0.31 to 289.11. Gainers outnumbered declines 496 to 428, with 252 i ing unchanged.

In London, the ISE/Nikkei 50 index closed 3.32 down at 1.306.56.

Traders said that sentiment was supported by a rush of subscribers to Matsushita Electric Industrial's Y200bn convertible bond issue. Many market participants had initially feared that the large lot offering would take funds out of the equity market but favourable terms, including the coupon and low conversion price, helped attract investors.

Reports that the Ministry of Finance will not release Japan Tobacco which have not been subscribed for, in conjunction with the stock listing on October 27, also cheered investors. Although the ministry denied that a formal decision had been made, the news helped dissipate some pessimism over the flotation.

However Japan Telecom, which is closely followed by investors looking to buy Japan Tobacco shares, declined Y90,000 to Y3.92m. DDI, another telecom operator fol-lowed suit, losing Y13,000 to Y865,000. Nippon Telegraph and Telephone shed Y6,000 to Y865,000 and East Japan Rail-

funds to enter the A market. HONG KONG reversed steep morning losses at the finish inspired by the Shanghai bourse's sharp rebound. The Hang Seng index closed 8.63 higher at 9,284.88, having

9,194.40. The market was 2.5 per cent down over the Investors continued to await US September jobs data and the response to sales of Cheung Kong's Bayshore Tow-

picked up from a day's low of

ers flats, which were priced below expectations. KUALA LUMPUR was 1.9 per cent lower after an Iraqi opposition group said in London that Iraq was mobilising elite

troops towards Kuwait. An Iraqi embassy official in Brussels subsequently denied the allegations, but by then,

the damage has been done. The composite index fell 21.10 to 1.122.33, erasing the 18 point advance of the previous two sessions and leaving the index 0.6 per cent per cent

higher over the week. SINGAPORE was also lower in choppy dealings in a late reaction to the reports about Iraqi troops movements.

The Straits Times Industrials index lost 3.22 to 2,330.09, little changed on the week, with profit-taking ahead of the US jobs data also contributing to

TAIPEI ended a volatile day slightly lower, but brokers said the effects of the share payment default that had dragged the market down by 7 per cent over the previous two days had almost come to an end. The weighted index finished

32.96 lower at 6,620.36, 6.6 per cent down on the week, in active turnover of T\$70.8bn. Hualon-related stocks remained weak. Hualon Corp

and Chia Hsin Live both fell by

the daily 7 per cent limit to T\$21.3 and T\$22.7 respectively. BANGKOK closed lower but off the day's low on late buying of bank issues, the SET index ending 21.72 lower at 1.459.78. down 1.7 per cent on the week

in turnover of Bt6.96bn. SYDNEY eased further on interest rate fears, the All Ordinaries index losing 8.8 at 1,967.5, off 3 per cent on the

WELLINGTON registered its fifth loss in five days, Fletcher Challenge leading the way down as the NZSE-40 index fell 10.11 to 1,988.05, 3.8 per cent lower on the week, in turnover

SEOUL swung to a lower

close on late afternoon institutional selling, the composite index finishing 4.09 down at 1,065.84, 1.5 per cent up on the week, after a morning high of 1.081.14.

BOMBAY, spurred by active speculative buying in moderate volume trade at the beginning of the new account, saw the BSE index close 70.21 points higher at 4,449.70, 3.9 per cent better over the week.

MANILA enjoyed lower September inflation, a new wave of IPOs and strong foreign participation, and the composite index rose 19.67 to 2,997.16, up 3.1 per cent on the week.

JAKARTA gained 3.4 per cent on the week as the official index closed another upbeat day, 3.59 higher at 515.05

LONDON EQUITIES

LIFFE EQUITY OPTIONS

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(*402)				27%			364	Sears	100	7		11%			91/2
Ladhrida				27				(*10t)		31/2		6% 25%		13%	
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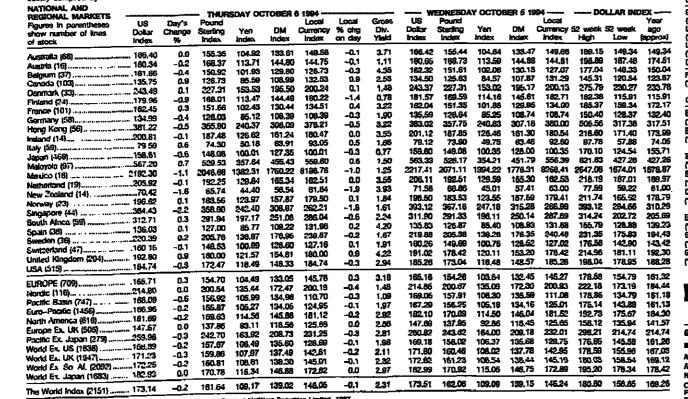
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FINANCIAL TIMES

Weekend October 8/October 9 1994

Having spent most of the week

convulsed with jitters, financial mar-

kets took yesterday's US employment

data with remarkable calm. September's rise in non-farm payrolls may have been slightly below market

expectations but there is no mistaking

the strong underlying economic trend.

Headline unemployment is below 6 per cent which brings it close to the level

at which inflation threatens by almost

any definition. The size of the work-

force in July and August was also revised upwards, which will doubtless

be reflected in capacity use figures

when they are published on Friday. In

short, there is still every reason to

expect a further interest rate rise

Perhaps the markets' calm yester

day simply reflected the fact that they

were oversold before the announce

ment. But the truth remains that

there can be no lasting recovery, at

least, in the bond markets until inves-tors are convinced the Federal Reserve

has done enough to cool the economy

and keep inflation under control. It

would help if the next rate rise was

aggressive, but the upward revision to

the third-quarter payrolls suggests

several more rate rises may be needed

Amid the confusion engendered by

the renewed tension in Kuwait, it is

difficult what to make of the slight

recovery of the dollar against the yen.

It is just possible, though, that the

dollar's rise above Y100 reflects the

beginning of capital outflows out of Japan. Traditionally yield conscious

Japanese investors must find US bond

yields of 8 per cent attractive. If so,

the market may be able to cope with

rising short term rates more easily

Labour's debate this week about its

commitment to public ownership was

irrelevant for British industry. Nation-

alising privatised companies would

not be a priority for a Labour govern-

ment. There are other means of con-

trolling such groups. The conference rhetoric of Labour luminaries was pri-

marily aimed at the utilities. In prac-

tice, the gas and water groups, bur-

dened by infrastructure programmes

and negative cash flow, are less at

risk, but the regional electricity com-

panies, weighed down with cash,

swelling profits and bulging chair-

than hitherto.

Labour's policy



introduce such flexibility, they will lose their best employees. Rivals have

shown themselves ready to offer star

brokers and traders fixed-term con-

A reduction in the capital employed

in the industry would be an even bet-

ter way of boosting profits. Bankers

complain that margins in formerly lucrative markets such as derivatives

have been squeezed as competition

has hotted up. Prospects would

improve if weaker groups such as Kidder Peabody were driven from the industry. The problem is that, for every Kidder, there is a deep-pocketed

commercial bank keen to expand its

investment banking presence Banks therefore seem left with the option of

crossing their fingers and hoping for

markets to recover. But if the struc-

tural problems are not dealt with now, they will return to haunt them in the

Conglomerates have become

extremely unfashionable. The diversi-

fied industrial sector - dominated by Hanson and BTR - has underper-

formed sharply in the latest market

The worst under-performance fol-

lowed the margin squeeze displayed in

BTR's half-year figures last month,

but there is general perception that

the sector has gone irredeemably exgrowth. BTR and Hanson are too big to do deals substantial enough to gen-

erate the superior earnings growth of

the past. The Accounting Standard

Board has stamped out opportunities

for boosting post-acquisition profits

through fair value adjustments and

other ruses. Conglomerates are suffering in today's low-inflation environ-ment, unable to force up prices when

the cost of raw materials is rising.

It is unfair to tar all companies with

the same brush. Hanson's problems

are not identical to those of BTR: its

exposure to coal, timber and chemi-

cals makes it more dependent on com-modities prices. Tomkins and Williams

Holdings have redefined what it

means to be a conglomerate; Williams'

new focus has earned it a premium

rating stripped from Tomkins after its

opportunistic acquisition of Ranks

Hovis McDougall. Wassall's high rat-

ing demonstrates that acquisitive con-

glomerates can still win City favour, if they can find earnings-enhancing

acquisitions. But Hanson and BTR

next downturn.

Conglomerates

tracts and guaranteed bonuses.

Rover workers get 10% | Lira falls pay rise over two years

By David Goodhart

The Rover Group has signalled an upward turn in British pay deals with a two-year award of about 10 per cent for most of its

Average settlements in the engineering industry are still running at about the rate of inflation, currently 2.4 per cent. But the Rover deal could exacerbate pay pressures as inflation is expected to increase gently over the coming year and unemployment continues to fall.

Mr Alistair Hatchett, of the independent pay analyst Incomes Data Services, said: "This could be a weather-vane settlement for the private sector and will be taken as a benchmark in the West Midlands."

The pay agreement - the first since the company was taken over by the German car group BMW earlier this year - is a

reflection of Rover's recent success and follows a pay freeze in the first six months of 1993. But the deal will not make it popular with other car companies, such as Jaguar, which begin negotiations this weekend.

The exact size of the rise is disputed. The company says that everyone will receive a 3.7 per cent rise from next month and a further 4 per cent, or the rate of inflation if it is higher, from November 1995.

It also says that some workers will get extra payments for accepting a grading change. Fol-lowing Rover's "new deal" agreed with the unions in 1992, the company has been phasing out demarcation lines and distinctions between blue and whitecollar workers.

The latest move involves merging five manual grades and six staff grades into three joint grades. The unions say that most employees will get an extra pay-

ment of about £5 a week in the first year and another £1.86 a week in the second for accepting

Mr Tony Woodley, the national motor industry secretary of the TGWU general union, said: "That means that almost all workers will be getting between 9.2 and 11.1 per cent over the two years, with most getting 10.7 per

Mr Woodley said he would rec-ommend the deal for acceptance in a ballot of union members. He also said that he would be informing his German union col-leagues. I G Metall, the motor industry union, puts in its claim for this year's engineering industry pay round next week.

But I G Metall in Frankfurt

said last night: "Rover may now be a German company but circumstances are still very differeat in the two countries."

Rover counts the benefits, Page 6

again after police raid Berlusconi **business**

ised information was seized, contributed to a fresh fall in the lira, with the Italian currency trading at L1020 to the D-mark, and a slide of nearly 3 per cent on the Milan bourse. The financial markets were also nervous about a senate vote that blocked measures to raise 1995 budget revenues through an amnesty on illegal buildings.

Scalfaro to decide whether disciplinary proceedings should be brought against the prosecutor or a criminal prosecution for

zure suggests it was linked to the complaint filed against Mr firmed by information from the cated the police were seeking floppy discs connected to the

President Scalfaro has considerable freedom to decide what to do with the complaint against Mr Borrelli. He can play for time by doing nothing. But if he fails to support Mr Berlusconi, he risks undermining the prime minister's already weak position. In a poll due to be published at the weekend, only 21 per cent of

said they would buy such a car from Mr Gianfranco Fini, the leader of the neo-fascist MSI/National Alliance and the man who stands to gain most from the prime minister's politi

Japan supports South Korean minister as world trade chief

By William Dawkins in Tokyo

The diplomatic contest for top job at the new World Trade Organisation intensified yesterday, after Japan decided to back Mr Kim Chul-su, South Korea's trade minister.

Japan's initiative will complicate the search for consensus between the 123 members of the General Agreement on Tariffs and Trade, which is due to be replaced by the more powerful new body in January.

Until yesterday, Mr Kim was an outsider, backed by Australia and some Asian countries. The endorsement by the world's second-largest economy now gives him the clout to rival the two front-runners. They are Mr Carlos Salinas, former president of Mexico, who is expected to receive US support; and Mr Renato Ruggiero, a former Italian

trade minister backed by the European Union.

Governments aim to make a decision by late autumn.

Tokyo's public endorsement of latest sign of how Japan's previ-ously passive foreign policy is Asian neighbours.

"We prefer a candidate from our region," said a Japanese for-eign ministry official. "Japan attaches great importance to Asia, especially in terms of trade. and we believe this is a good way

to encourage neighbouring coun-

Japan's move means the choice of a WTO head, crucial to the organisation's success, now rests on negotiations between the world's three main economic blocs, the US, Europe and Asia.

Mr Kim, announced late on Thursday by Mr Tomiichi Murayama, the prime minister, is the becoming less dependent on the US, in favour of its increasing trade and financial ties with

tries to be active in the WTO. It may lead to more trade liberalisation in those countries," he said.

This appears to be a blow to the EU's hopes that Mr Ruggiero would win the support of Mr Kim's backers, as a non-partisan candidate, free from EU interests. Brussels would continue to promote Mr Ruggiero, said an EU official yesterday.

Asian nations have reservations over the candidacy of Mr Salinas because they fear he might be coloured by Mexico's close trade links with the US. Another example of Japan's

desire for an Asian flavour to the WTO is its support for Singapore as the site for the first meeting of WTO ministers. This is in conflict with US insistence that the first meeting should be at the WTO's headquarters, which will probably be in Europe.

Continued from Page 1

force through the changes he wants was reinforced by the overwhelming defeat of a resolution asserting the dominance of conference delegates over the NEC, which solidly supports the leader-

However, the continuing strains at the top of the party were underlined by Mr Larry Whitty, the outgoing general-sec-retary, who warned Mr Blair not to ride roughshod over the party's traditions.

"In life and in politics you have to take the people with you. And in that context let us always remember that the trade union base of this party is its greatest strength and not its weakness,"

Europe today High pressure from Mascow to the North Sea will bring sunny spells to the Low Countries, the Baltics and parts of

Russia. France will be sunny with light

easterly winds. A few afternoon showers will develop over southern

Spain and Morocco, while Hungary, east Austria, the Czech Republic Slovakia, Slovenia and Romania will have patchy rain. The eastern

Mediterranean, Turkey and the Black

See will have another sunny day with

rain will cover the coasts of Norway, Denmark, southern Sweden and

High pressure over Russia is expected

to expand and build over Scandinavia ending northern Europe's unsettled

spell. Much of continental Europe will be calm with sunny periods, although

there will be a little rain over Poland

southern Finland, but there will be

sunny spells further north.

Five-day forecast

and the southern Baltics.

TODAY'S TEMPERATURE

Continued from Page 1

exporters have slightly raised their prices. Import volumes, by contrast, fell 2 per cent in the three months to July compared with the previous three months.

The exports trend was flattered

by a strong performance from the

LOW

Caracaa Cardiff Casablai Chicago Cologne Dakar Dalkar Delhi Dubai Dubain Dubrovr

Tax cut call | Decline in UK trade deficit

North Sea sector, which recorded £1.26bn surplus on oil trade in the three months to July,

Exports also grew in most industrial sectors. Finished goods, which account for about half of UK exports, rose by nearly £0.5bn in the three months to July, compared with the previous three months. Nearly half of this was due to increased car exports to European Union countries, now running 30 per cent higher

Mr Richard Needham, UK trade minister, welcomed the data as evidence that British business was becoming increasingly competitive. Mr Bryan Nicholson, resident of the Confederation of British Industry, suggested they indicated that the UK was experiencing an export-driven upturn.

Police early vesterday raided the Milan offices of Fininvest, the ter Silvio Berlusconi, immediately damping hopes that his right-wing coalition's confrontation with the judiciary might be

The raid, in which computer-

The move by the police, acting on magistrates' orders, followed the decision by the government coalition to send a formal complaint on Thursday to President Oscar Luigi Scalfaro about the behaviour of Mr Francesco Sav-erio Borrelli, the Milan public prosecutor. Mr Borrelli had said in a newspaper interview that judicial inquiries into corruption at Fininvest were coming close

to implicating Mr Berlusconi. The cabinet asked President attacking constitutional author-

The timing of the police sei-Borrelli. This appeared to be con-Milan magistrates, who indiactivities of Telepiu, the cable television channel in which Mr Berlusconi has a 10 per cent

The magistrates are investigating whether Mr Berlusconi retained secret control of Telepiu through friendly shareholders after he divested 90 per cent of his stake in 60 days under antithis week denied there had been any impropriety in the transac-

those asked said they would buy a used car from Mr Berlusconi In contrast, almost 35 per cent

New budget formula, Page 8

fair cloudy lair cloudy sun sun cloudy drzzi sun shower thand cloudy cloudy rain shower drzzi

The fall was greeted with surprise in the City, in light of earlier fears that rising demand this year would suck in more imports. But the CSO said the key reason for the fall had been a 9 per cent quarter-on-quarter drop in the volume of imported consumer goods. This may reflect slower consumer spending as a result of recent tax rises. Imports of components, by contrast, grew by 4 per cent in the period, reflecting the pick-up in UK manufacturing.

than a year ago. FT WEATHER GUIDE

HIGH

men's wage packets, are in the firing-line. A windfall tax is a distinct possimust rely for their chief attraction on and profits would be less volatile. But bility. The Recs' managements can see banks are scared that, if they forcibly above average yields.

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THE LEX COLUMN

A job for the Fed

FT-SE index: 2998.7 (+14.3)

the risk of a populist administration raiding their balance sheets. The argu-

ment that they should do nothing.

leaving shareholders to gauge the

political risk, is inadequate. They

would be better to use their cash to enhance shareholder value now, either

through dividends or buying back

shares more aggressively. A one-off

special dividend has tax advantages.

but involves political dangers. Buying

back additional shares is a measure

which politicians and tabloid headline

If Labour is looking for unpopular

companies to target for windfall taxes,

it could well turn to the clearing

banks, criticised last year for not fully

passing on interest rate cuts. A wind

fall tax would scarcely damage their

ability to do business. Such a measure

could even be imposed before 1997.

After all, the last government to

impose such a tax on banks was led by

The job cuts and hiring freezes

announced this week in the City and

on Wall Street will provide some relief

to investment banks in a difficult

year, but they are not the complete

answer to the industry's problems. Action is also needed to link pay more

closely to performance and to reduce

the capital devoted to the industry.

Most banks pay lip service to the idea that pay should consist of a small

fixed element and a potentially large

but variable bonus. In that way, costs

would fluctuate in line with revenue

The snag is that neither will be easy.

Investment banking

Lady Thatcher.

writers have difficulty lambasting.

UK conglomerates



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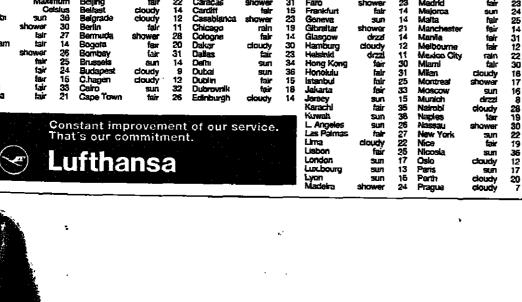
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SECTION II

Weekend October 8/October 9 1994

Plastic heart of a new age man of many parts

ence books used to portray the human body as a complicated machine. This idea made me wonder why old people could not go to hospital to have worn bits of their body replaced, in the same way as broken-down cars were fixed in a garage. By the time I studied science at university in the 1970s, it was fashionable to look at the body as a whole biological system rather than as a machine with separate

Now, with the proportion of broken-down old people in the population increasing rapidly, the machine analogy is making more sense again. One reason is that modern medicine can indeed provide a wide range of spare parts. Primitive implants are becoming available to replace many human organs: ears, eyes and nose; bones and joints; skin and ligaments; hearts and kid-

These implants are made from an astonishingly diverse range of materials: hard metals and ceramics; soft plastics and foams; biological implants made by "tissue engineering" from living cells; even electronic circuits designed to replace failed nerves.

Anyone fitted with all the different spare parts available today would indeed be a bionic man or woman, but with a creaking performance far removed from a sci-fi superhero. For no implant works as well as the original human version.

Although the vast majority of implants have improved the lives of their recipients, there are also failures - some of which leave patients with even more pain and disability than they had before. Indeed suing manufacturers on behalf of "victims" is a lucrative sideline for the

American legal profession.

"The problem is that all current devices for all parts of the body have a limited lifetime," says Professor William Bonfield, head of the Interdisciplinary Research Centre in Biomedical Materials at Queen Mary and Westfield College, Lon-don. However, as scientists begin to understand which chemical and physical properties of materials make them compatible with the human body, the outlook for more permanent implants is becoming

losophy recently," says Professor Chris Wilkinson, a bio-engineering pioneer at Glasgow University. "You used to try to make your material as inert as possible – and you assumed your engineering skills were better than the body's. Now we accept that the body is more clever than us."

Research today aims to produce implants that knit together with the body's own tissues. The key factor here, according to Professor Colin Humphreys, a biomaterials specialist at Cambridge University, is not so much the chemical nature of the implant as its micro-structure. The material must have a shape and tex-

We have the technology, we can rebuild the human body. Clive Cookson examines the latest

> advances in medical science

ture that is compatible with living tissues on the scale of a few nanometres – millionths of a millimetre. "If it does not have the right nanostructure, it will not work," he says.

A good example of the new focus on micro-structure is Bonfield's project at Queen Mary and Westfield College "to design from scratch an artificial bone that will fit as well as possible with the real thing." His team has come up with composite material containing hydroxy-apatite, the main mineral in bone, blended with plastic.

Although hydroxy-apatite has been used before, Bonfield believes his material is the first with the natural bone. The result, when it is put next to osteoblasts (bone-producing cells), is that tiny whiskers of bone grow cleanly into the implant. Clinical tests of the material are showing that it can successfully repair the cheekbones of people whose faces have been disfigured by disease or accident. Thirty patients have already received the implants and 400 more are due to take part in an extended clinical trial.

As with most researchers develop-ing bio-materials, Bonfield's goal is to move into hip joints - the biggest sector of the implant market. According to Frost & Sullivan, a Californian market research company, US sales of hip implants will be worth \$810m this year. Artificial hips, introduced in the

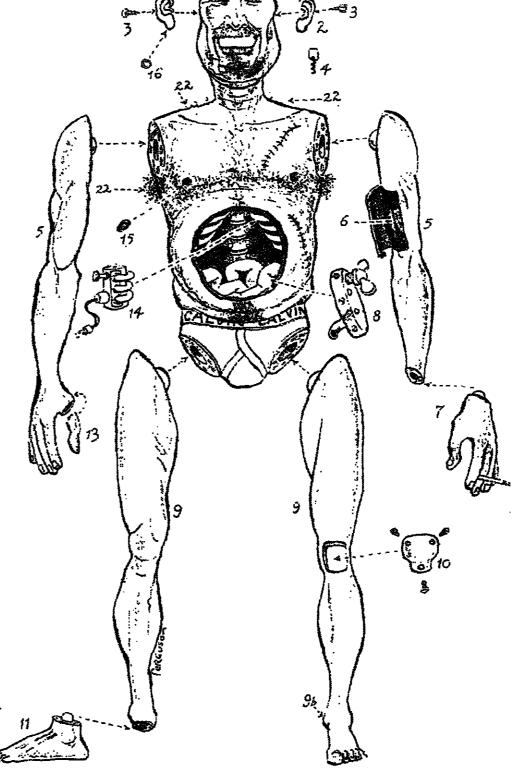
early 1960s, give new mobility to 500,000 people a year worldwide whose own joints have been ruined by arthritis and other diseases. The natural hip is a ball-and-socket joint. Its replacement involves cut-ting off the round head of the patient's thigh bone and hammering in a metal spike to which a new ball is attached; at the same time, the natural socket in the pelvis is cut out and replaced with an artificial cup made from metal lined with plastic. Both components of the artificial joint are conventionally cemented in place with a glue called polymethyl methacrylate. Total hip replacements have

given good results in elderly patients, working well for 10 to 15 years. But they last less well in people under 70, who are more active and put more strain on their hips. Their new joints can fail within five years - usually because the bone shrinks away from the implant, which then works loose.
"The result is that a steadily

increasing proportion of our patients are undergoing 'revision' operations to replace artificial hips that have already failed. Altogether about one-third of hip replacements are now revisions," says Richard Coombs, an orthopaedic surgeon at the Royal Postgraduate Medical School, London. "Our aim is the 30-year prosthesis, yet today our youngest patients have a five to seven year revision rate."

Repeated surgery to replace failed artificial joints is not only distressing and risky for the patients but also expensive. The National Health £80m a year if it did not have to carry out second and subsequent

hip replacements. Much research into orthonaedic implants is aimed at giving the metal components a porous surface coating - of hydroxy-apatite, for example - which will encourage the patient's hip and thigh bones to bind naturally with the implant. To stimulate the osteoblasts, the implant may also be impregnated



with natural chemicals called growth factors. This should give a stronger bond than any synthetic

Patience and dogged persistence are essential requirements for anyone developing implant materials. Proving their safety and efficacy inevitably takes many years. For example Bioglass, a ceramic bone

substitute just beginning to come into use in the US, was invented by Professor Larry Hench at the Uni-

versity of Florida in 1969. Professor Per-Ingvar Branemark of Gothenburg University, Sweden, also shows the persistence required in bio-materials research. As a young medical scientist working on laboratory animals in the 1950s, he discovered that titanium, a light

metal much favoured by the aerospace industry, could secure implants firmly in living bone. Branemark first used the system in 1965, to fix the most humble of implants - false teeth - with a titanium screw into a man's jaw bone. Twenty-nine years later, that

patient's dentures are still firmly in

place, and 300,000 other people have had dental implants secured with the same system.

The weight of clinical evidence did not convince the world's dentists that the Branemark system was safe and effective until the 1980s. And only in the mid 1990s are orthopaedic and plastic surgeons beginning to take titanium screws seriously, as a way to fix artificial joints and other body parts permanently to patients.

"No one knows how and why the system works so well," Branemark says, "but empirical findings like this are important in medicine." Apparently, the titanium surface is covered by a thin oxide layer whose crystalline structure happens to be completely compatible with bone; at the same time it contains no chemi-cals capable of triggering an adverse reaction from the body's immune system.

Implant development is not only slow but may also be legally and financially hazardous. The most spectacular demonstration of the dangers is the \$4bn fund proposed by Dow Corning and other US man-ufacturers of silicone breast implants, to settle litigation by thousands of women who were allegedly harmed by the devices. Although the companies maintain that there is no scientific evidence to link their products to the plaintiffs' auto-immune diseases and other medical problems, some implant recipients have undoubtedly suffered great pain - and their lawyers have successfully portrayed them as innocent victims of corporate greed and negligence.

The silicone saga has frightened several companies off the whole implants business. "We have pulled out of making materials for medical implants altogether, and a number of other companies have stopped developing medical implants in the US because, with the potential [legal] liability, it is not worth the risk," says Dr Ralph Cook, Dow

Corning medical director.

Another corporate victim of the implants business is Vitek, a Texan company founded by Dr Charles Homsy to make implants out of a material called Proplast which he has been developing for more than 20 years. Vitek went bankrupt in 1990, crushed by the weight of lawsuits by patients who suffered adverse reactions - including severe and intractable pain - after receiving Proplast jaw implants.

Homsy believes that the fault did not lie with the material itself but with the way it was used. He has shown his faith in it by setting up a new company in Switzerland, Promotus, to continue developing and marketing Proplast (a porous matrix of Teflon plastic with hydroxy-apatite). Surgeons in the Netherlands are carrying out a long-term trial of hip implants coated with Proplast.

So much for passive implants to replace failed bones and joints. Research into active implants, which substitute for nerves and muscles, is less advanced but

continued on Page XI

Family finance: Is this the time to look at the commodities sector?

Food & Drink : First catch your

Fashion: Go casual in the classic men's greatcoat

Books: Alan Clark reviews Julian XIV

Critchley's autobiography

Sport: On the road with the indefatigable lan Botham

Interview: Eric Hobsbawm looks back at the defeats of a century XXIV



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The Long View / Barry Riley CONTENTS

Shadow of a smile



strange about Dr Mortimer Duhm when he passed through town this week. He was smiling. Mort Duhm is intolerable during a bull market, but in bearish conditions he comes into his own. And you

admit that this year he has been absolutely right. The US Trea-sury long bond yield has backed up from 6.2 per cent to 8 per cent since January," he pointed out. "It's proportionately almost as big a shift as before the 1987 stock market crash when the rise was from 7.3 to 10.2 per cent between January and October. It is true, I said, that Fortune maga-

zine has calculated this year's paper losses at \$600bn on US bonds and \$1,500bn on bonds world-wide. On average, everybody in the world has lost \$280. But surely the leveraged hedge funds which caused a lot of the instability were out fairly early on. Why are we suffering a second stage in the collapse "They weren't the biggest players,

even though they got most of the pub-licity," said Duhm. "There were also the proprietary trading desks of the big securities firms and banks. The bad news is still only trickling out, as with the profit warning from Hambros bank in London this week and the staff redundancy warning at Goldman Sachs.

"Then there were the US commercial banks, which were offered a free ride along the yield curve in 1992 and 1993 by the US Federal Reserve. Few of them have yet owned up to their true losses. They are what are called capitulation sellers. They hold on and hold on, hoping for a rally, but finally give up. They may be forced into a clean break before

the calendar year-end." The obvious weak point about the 1993 bond bull market, I said, was that the bonds were not going into firm, long-term hands. UK gilts were hardly being bought by British pension funds, which took just £2.7bn worth, but very largely by unspecified foreigners who vacuumed up gilts worth £16.6bn.
"And the OECD countries are trying to dump another \$400bn-plus of bonds into these devastated markets this year," added Duhm. "It's crazy. Now, Italian government debt is yielding 12

per cent and there are scuffles in the streets in Rome outside the prime minister's office." But, I pointed out, at least the US

equity market had been holding up, almost against the odds. As recently as September 15, the Dow Jones Industrial Average was only 25 points short of its all-time high, and it was still only 5 per cent off that peak. "But haven't you noticed how artifi-

cial that performance is?" replied Duhm. "The market leaders are being propped up by take-over speculation and maybe by actual manipulation. Elsewhere, the transports and the utilities are off more than 20 per cent since last winter. American investors have been selling some of the overseas stock markets like Hong Kong, which is down a quarter this year, and the European markets, many of which are down by between 15 and 20 per cent from the peak in local currencies. The US market is being shielded, but it can't last long."

here had been strong echoes of 1987 in all this, I said. That year's similar bond market collapse reflected the way investors became scared about rapid economic growth and rising inflation. Global economic growth was around 4 per cent, a level to which we are only now getting back.

In 1987, however, the distortions were rather more extreme: the ratio of the US Treasury long bond yield to the US equity market dividend yield rocketed from under 3 to over 4, whereas it is now about 3.3. Although that is still much higher than at any time since 1987 it does not indicate another full-blooded crash so much as a more modest correction.

"You're an optimist," Duhm declared. "Remember that the scale of the required equity market adjustment seven years ago was moderated by a

simultaneous bond market recovery. But conditions in the global bond market today are uglier. If the US long bond yield goes to over 8 per cent, then the required correction in equities on Wall Street could still be 25 per cent.

"Some of the other pieces of the 1987 jigsaw might also fall into place. The Federal Reserve could be just about to raise the discount rate again, as it did in September 1987. All we would then need would be an unexpected German

"And finally," grunted Duhm, "we have the derivatives factor. Portfolio insurance was another of the subcauses of the 1987 disaster. In seven years, the rocket scientists have had plenty of time to plant some much bigger ticking bombs. We don't for sure know what they are, but we shall be lucky if none of them goes off. For instance, look at the billions in untradeable instruments in the mortgagebacked securities market, where Kidder Peabody is being bailed out by its wealthy parent, General Electric.

But a lot of this was just scare talk, I protested. There were many cases of foolish corporate treasurers caught by derivative positions that went the wrong way, but this was not the same as systemic collapse. Moreover, for every widely-reported loss, somebody somewhere was quietly making a profit.

Mortimer Duhm snorted. "The system can only learn from its mistakes," he snapped. "The derivatives markets are only as strong as their weakest links. They are going to be tested. So are governments, as they are pulled two ways. They know they have to stop burying the world in bonds and forcing real interest rates ever higher. On the other hand, they perceive their response in 1987, in cutting short-term interest rates and boosting liquidity, as a mistake which generated an inflationary boom and bust. The markets will have to decide for them."

He added: "But when a big investment bank folds, or the first western country re-schedules its debt, that could be a major buying signal." I swear that Dr Duhm almost smiled again.



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SCAM

MARKETS

London Profit warning hits dealers where it hurts

Andrew Bolger

eople in the City of London are much like those anywhere else: bad news seems worse the nearer to home it strikes. This was apparent in the reaction to developments which brought the recent weakness of the bond and equity markets all too close to their trading

BF

The FT-SE 100 fell 42.8 points on Monday after S.G. Warburg, the UK's largest investment bank, warned that its interim profits would be more than halved because of a plunge in profits from trading in bonds. equities and derivatives. The next day another rival merchant bank, Hambros, said it had also suffered losses on the bond market and would make only about half of last year's interim profits.

Traders were suddenly faced with the worrying thought that highly paid jobs might be at risk in the Square Mile, which last vear enjoyed a bonanza from the surging equity market. There appears to be little

immediate prospect of wideseem certain to be a pale shadow of the previous year's bounty.

One merchant banker com-

mented: "After the party of '93, comes the hangover". And indeed the chart shows that the merchant banks sector has outperformed the market in the past two years, even after this week's downward correction. However, it is easier to take such a philosophical stance if - like the banker in question - one is not too directly exposed to the bond and equity markets.

Warburg has followed the example of the big US investment banks, which offer clients trading services as well as fee-based advice. These US banks have also recently suffered hig losses on the trading side and greater volatility in profits seems an inevitable

There remains plenty of cor-

porate activity around - not least new issues. KPMG Peat

Marwick forecast this year was still set to break records for flotations, in spite of issues being pulled and a disturbing level of profit warnings from recent candidates. So far this year, KPMG estimates that a total of £7.8bn has been raised from 182 new issues, and it expects that a pick-up in activity before the November bud-get will put the final tally com-

Merchant banks faiter

Merchant Banks relative to the All-Share (FT-SE-Actuaries Indices)

KPMG said investors who had had their fingers burnt would be particularly wary and some companies would face an uphill struggle to convince investors that they were of a suitable size and quality to join the main stock market.

fortably ahead of the 1986

One company that will easily overcome the scale barrier is British Sky Broadcasting, the satellite television company which confirmed that it plans to stage a share issue on the

London and New York marneed changing this year, but after Wednesday's rout was kets. The issue, provisionally programmed to take place reminding institutions of his before Christmas, is expected "ultimate target" of 2,200. to involve the sale of up to Aspinall points to the UK car £1bn of new BSkyB shares, or sales: "While consumers have stopped buying cars (personal 20 per cent of its enlarged purchases were 4.5 per cent equity, valuing the company at

Meanwhile, the equity market's movements continued to be dominated by bonds. As well as the Warburg announcement. Monday's plunge was attributable to weakness in gilts after worryingly high UK money supply figures and the increased concern over inflationary pressures in the US.

rise in the Federal Reserve's

interest rate did the market

year-end forecast of 2,800 was

the only one in the City not to

iust under £5bn.

J. Sainsbury, the UK's larg-An unconvincing 18-point est grocery retailer, would not rally in thin trading on Tues-day was followed by a 45.5subscribe to such a gloomy conclusion but nevertheless point downward lurch on continued its diversification Wednesday, when strong growth in US factory orders away from the UK food retailing market by taking a £205m heightened fears that US interstake in Giant Food, a Washington DC-based supermarket est rates would have to rise chain. The deal is Sainsbury's soon. The FT-SE did regain 28 second move into the US, after points on Thursday, mainly cause a dip in UK manufactaking control of the Shaw's supermarket chain in the north-eastern US in 1987. It turing output in August suggested there was less pressure to raise to raise UK intergives the UK retailer a strong est rates again. Yet traders are position on the eastern seafixated on Wall Street. Only board. A City crash would also be when yesterday's US payroll and unemployment data were bad news for Vendôme, the luxury goods group, which this week paid an undisclosed sum received without the feared

relax, to close 14 points higher Britain's most famous sporting down 27.6 on the week. gunmaker. In spite of prices The uncertain outlook is best which range up to £40,000, illustrated by the huge range there is an 13-month waiting of year-end forecasts for the list for the shotguns, which Purdey has been making for FT-SE. James Capel, the UK's 200 years at its premises in biggest broker, downgraded its target to 2,840, but some brave London's Picaddilly. souls are still sticking by 3,600. Or perhaps not? Given the Robin Aspinall, Panmure Gorfebrile state of the financial don's bearish analyst, started markets, perhaps even unemthe week boasting that his ployed stockbrokers would pre-

lower in September than a year

earlier), companies are still

buying enough for their fleets

to boost total sales by 6.5 per

cent. Companies' finances are

in better shape than consum-

ers', but that cannot last for

long without the consumers'

help. We are heading for a con-

for James Purdey & Sons.

off on blasting birds . .

sumer-led recession.

A little knowledge is a sensible thing

Serious Money

Gillian O'Connor, personal finance editor to provide the same return as a

gilt held to maturity. Since the

return on the share is uncer-

tain, it becomes a sensible

choice only if you expect it to

produce a higher return than

the safer alternative. Diversifi-

Such basic cautions are as

useful to the individual inves-

tor as they are to the profes-

sional. They may seem blind-

ingly obvious, but too many people still regard buying

shares as the financial equiva-

lent of a white-knuckle ride

without a safety net: a test of

machismo. Unsurprisingly,

such investors tend to end up

losing money.

cation helps reduce risk.

titative analyst, property economist. pensions manager, swaps trader, foreign exchange dealer, investment manager, head of high yield and distressed debt: this list is not some yuppie equivalent of "tinker, tailor, soldier, sailor"; it reflects the new student intake at London Business School's investment management

Tuesday evening this week found all these high-powered, highly-paid students solemnly tossing a pair of dice 10 times to simulate probable portfolio returns. More prosaic moments dinned home such useful mes-

□ Risk tolerant and long-term investors prefer more equity. ☐ Investors with real liabilities prefer short gilts to long (or index-linked).

☐ Investors with nominal liabilities prefer to match. ☐ High-tax investors prefer

short gilts to long gilts. Most serious private investors would have found the seminar illuminating, but one residual query is obvious: to what extent can even a rich individual make use of investment theory intended for professionals managing multi-million pound portfolios?

You might well run your own investment portfolio very differently from that of a pension fund or unit trust. But the more you understand about the characteristics of different types of security and the way professional investors use them, the better. Knowledge might not help you to make money - but it should help you to avoid losing it. And steering clear of pitfalls plays a large part in successful investment. Take risk, for example, Most sensible investors take some risks, but they do not take risks which are at odds with

their objectives or unlikely to offer a commensurately greater It would be stupid to buy a fer to blow some of their pay-

share that you expected at best

Emerging stock markets are one type of investment where risk/return calculations are particularly relevant. After a hectic rise in 1993, the markets

- which include those in the fast developing countries of Asia, Latin America and central and eastern Europe - have first fallen sharply and then recovered so far this year.

There is at present a heated debate among professional investors as to whether emerging markets represent good value at their present levels. What is slightly chastening about this debate is that such intelligent people can use the same evidence to come to opposite conclusions.

Two recent papers sum it up. "Has the gravy train been and gone?" asks David Shaw at Legal & General

His answer is that although there continues to be "a strong, compelling secular case for emerging markets, the purely cyclical justification is near the end of its shelf life". In other words, they are still attractive in the long term, but investors should be ready to take profits in the short term.

Shaw's immediate worry is that US interest rates will rise enough next year to pull mutual fund money back home. If the Fed funds' rate

tops 6 per cent (against the present 4% per cent), that will trigger "the US private investors' liquidity preference". So, the little old lady from Pasadena will call her wandering dollars home from Rio and Rei jing. And the long feared global capital shortage will become reality.

Over at Independent Strategy. David Roche has an answer to this fear. global capital market is like a bath that is being tipped towards the deep end of high returns in the restructuring economies," he says.

Capital will be sucked out of the rich countries and fed into more productive investments in infrastructure and technology in the emerging economies. And "the existence of hedge funds and derivatives guarantees that, when the bath tips, the water will slosh towards the productive end fast, though perhaps with considerable volatility

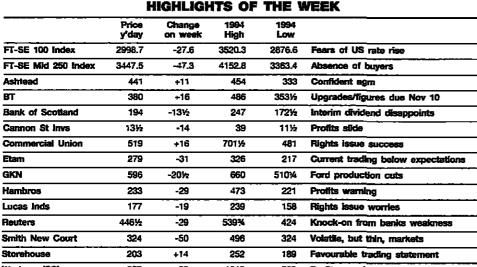
Since the rewards look good enough, investors will accept the risk. But mind your eye.

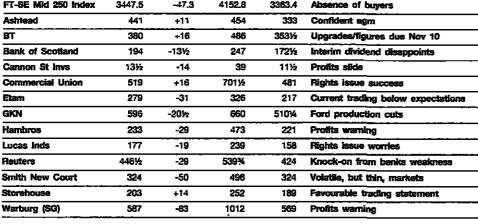
This is one of those pleasing occasions where private investors are actually placed better than professionals. The two Davids both agree about the long term attractions of emerging markets, and any sensib private investor would put money in emerging markets only on a long term basis.

Hoping to hit the jackpot by trading in and out of this kind of market is a mug's game. But owning shares in an emerging markets trust is a the mark of a canny long-term investor.

Are personal equity plans a tax break used only by the rich? Autif is keen to point out that 50 per cent of unit trust Pepholders are basic-rate taxpayers. Yes, but . . .

One of the worries about Peps is that they are often sold to people who are unlikely to benefit from them - such as





AT A GLANCE

All-Share Index

FT-SE-Actuaries Index

Finance and the Family Index Commodities: is this the time to buy ...

Venture capital trusts

First time buvers

Mortgages, Page VIII

Lloyd's Names and the High Court, Electricity shares

Tax treatment of dividends O&A briefcase, Highest rates

House prices rise,

The two largest building societies disagreed on the direction of house prices last month with Hallfax, the biggest, reporting a modest rise of only 0.1 per cent in September compared with the

previous month. But Nationwide recorded a fall of 2.9 per cent -

first-time buyers rose in September by 0.3 per cent, according to

ppointing results showed up in its own back yard; the upset

at Warburgs prompted a flurry of rumours about other securities

firms' probable results. Bears then started looking across the

The launch of the infostructure investment trust by BZW and

Société Générale Strauss Turnbull is being postponed until the

new year because of the continuing poor market for new Issues

The trust plans to specialise in emerging markets' companies

infrastructure". David Cohen, of SGST, said that although the

Smaller companies suffer

Smaller company shares continued to suffer this week. The

2.3 per cent to 1637.33 over the week to October 6.

trust might have achieved its stated minimum target of £40m this autumn, he thought investors would be more confident in 1995.

Hoere Govett Smaller Companies Index (capital gains version) fell

Next week's Family Finance

There are huge numbers of offshore-listed unit and investment

exciting opportunities you cannot find on-shore. But where can

trusts available to investors in the UK, some of which offer

involved in advertising, telecommunications, software.

the greatest monthly drop for almost four years. Prices paid by

house prices fall

Bears scared by

The UK stockmarket suffered another queasy week, as

Atlantic for new sources of worry - and US interest rates

Info' fund put on hold

US bogeyman

Fixed and discounted mortgages, annuity rates ...

Warning on wills, New-launch tables

Wall Street

Endless growth, full employment, utter gloom

hese can be confusing times for anyone who Consider this: the US economy is in its fourth year of growth and about to enter a fifth, corporate profits are healthy, consumer spending is strong, inflation is low, and the expansion in the labour market has pushed the national unemployment rate down to a level low enough for some analysts to claim that the economy is close to full employment. Yet, instead of celebrating

their good fortune, investors in the US stock and bond markets are unhappy. Yesterday's seemingly good news from the September employment report non-farm payrolls rose by 239,000 and the national jobless rate dropped from 6.1 per cent to 5.9 per cent, its lowest level in four years - was greeted with a marked absence

of enthusiasm on Wall Street. After an initial rally, bond prices and stock prices fell back yesterday, and were either flat or below their opening values by midday. Stocks took a beating this week because of fears that the economy is growing too strongly.

ast Saturday, the co-

chairman and chief

financial officer of

Reed Elsevier took a

and bonds are trading close to levels where the yield on the 30-year issue flirts dangerously with 8 per cent, a mark many analysts label "psychologically important". (This means that investors will have a nervous breakdown and sell everything in a wild panic the moment the yield rises above 8

At least the bond market's discontent makes sense. Rising economic growth almost invariably translates into higher inflation, and inflation undermines the value of fixedincome assets such as government securities. The fact that inflation is low today is not reassuring - it is the prospect of higher inflation tomorrow, and next year, that has the bond market rattled. The explanation for the

stock market's behaviour is less straightforward. Although a strong economy and rising employment means higher corporate profits, equity investors like their counterparts in the bond market - are looking forward six or 12 months. What they see ahead is a wornomic and company earnings growth, a reversal engineered

Corporation of Canada.

and \$1bn of borrowings.

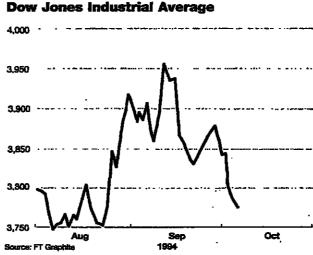
Munro of Hoare Govett.

fast-growing electronic distri-

Barton, media analyst at Hen-

derson Crosthwaite. She says

concerns at MDC's price have



by the Federal Reserve, which has raised interest rates five times this year in an attempt to slow the economy and

restrain inflation. The immediate fear in both markets is that the Fed will raise rates a sixth time, possibly as early as next week when the government releases the September inflation figweek, investors were con-

cerned that the Fed would tighten monetary policy yes-

terday, after the jobs data Although the employment report failed to trigger a rate rise, it proved to be a mixed blessing for markets. The 239,000 rise in non-farm pay-

rolls was smaller than forecast, but for anyone worried ures. In fact, for much of this about jobs growth this news was offset by upward revisions in the previous estimates of July and August payrolls. The revisions meant that 106,000 jobs were created this summer of which the markets had been

When combined with the unexpected drop in the national unemployment rate to 5.9 per cent, the September report was unsettling news. Analysis said yesterday that if the figures were not bad enough on their own to prompt an immediate Fed rate increase, they certainly increased the pressure on the central bank to raise rates. If next week's inflation numbers come in above the forecasts, analysts are convinced that the Fed will tighten policy.

A sixth interest rate would spell trouble for stocks. which after a solid third quarter (the Dow Jones Industrial Average rose 6 per cent between July and September) are looking vulnerable to a sharp sell-off.

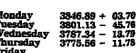
If the Fed does act, a rate rise will spoil what should be another encouraging quarterly reporting season. Since the Fed first put up rates in February, the one factor sustaining

rate profits, which have grown

Soon that crutch may be removed. At some stage, higher interest rates will effect the economy and earnings. So far, only two sectors have felt the sting: the Wall Street investment banks and brokerage firms, which have seen their profits from securities trading, underwriting and broking plunge, (on Thursday Salomon said it would report a loss of about \$100m in the third quarter because it had lost money trading its own capital in the markets), and the money-centre banks. which have been hurt by lower securities trading profits.

Eventually, other industries will start to suffer. Analysis warn that this could happen as early as the first quarter of next year. It is these warnings of trouble tomorrow that are depressing prices today.

Patrick Harverson



Bottom Line

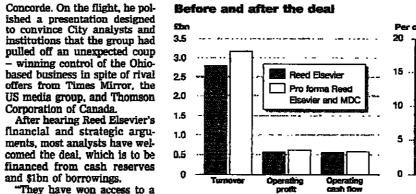
Elsevier digs for electronic gold

break from meetings with US investors and spent the day playing the tourist at deserted gold mines in Colorado, unaware they were about to clinch a \$1.5bn-deal Ian Irvine and Nigel Stapleton discussed the Anglo-Dutch publisher's imminent launch on the New York Stock Exchange. But they barely mentioned the group's

long-term ambition to become a leading provider of electronic Within 48 hours, however, they had doubled the size of Reed Elsevier's electronic publishing operations by agreeing to buy Mead Data Central -

the US distributor of on-line legal and business information. The rapid turn of events was dictated by Mead Corporation, the paper and forestry group, which decided quite suddenly to offer its MDC subsidiary to Reed Elsevier after months of

tentative negotiations. A contract was drawn up in New York, Stapleton signed it and flew back to London on been soothed by forecasts



bution network - that's the way forward for the group's professional and scientific pubremain above six times despite lishing businesses." says Chris the near doubling of net debt to £1.2bn. Her view is echoed by Louise

"This is a sound strategic fit and the funding is well within the constraints imposed by the balance sheet," she adds. Nevertheless, shares in Reed

showing interest cover will International and Eisevier,

which merged last year, fell after Moody's put its long-term debt ratings on review for possible downgrade.

While admitting that gearing of 90 per cent looks steep, Nigel Stapleton points out that the group's strong cash flow -

should enable it to pay down a large part of the debt within The shares have since stabilised and should bounce back if

£217m at the half year stage

MDC delivers the growth expected by its new owners. The electronic publisher is likely to contribute about \$75m of profits and \$612m of sales next year - pushing North American turnover close to 50

per cent of the group total. By amortising a \$1.27bn slug of goodwill, Reed Elsevier will enjoy tax relief on those profits and ensure the deal is earnings

enhancing. "There are clear financial advantages," says Frans van Schaik, of Barciays de Zoete Wedd Nederland. "It should add about 3 per cent to earn-

ings per share next year. On his forecasts, full year eps would rise from 41.9p to about 43.2p. Other analysts

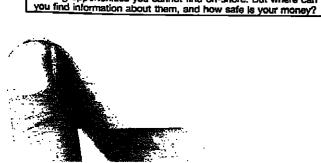
predict an even larger jump to 49.5p by the end of 1995. Strategically, the prospects are also alluring. MDC's two main businesses - Lexis and Nexis - look set to grow rap idly. Demand for Lexis, the on-line legal service used by 20 per cent of US lawyers, is expected to increase almost 10 per cent next year. Nexis, the business information arm, has access to more than 4,500 data-

bases and is sold worldwide. More importantly, they offer an electronic highway for Reed Elsevier's high-margin scientific and professional publications, which could be transferred from hard copy by the

end of the decade. That strategic shift looked some way off last weekend. But the MDC deal has enabled the Anglo-Dutch group to fulfil its ambitions earlier than

"Reed Elsevier will be able to better realise MDC's tremendous growth potential," says Steven Mason, Mead's chair-man. "The acquisition puts it in a unique position in a rapidly developing industry."

Tim Burt



New Trust Launches, Page IX

Commodities — a stake in the real world If you're bored with equities, why not invest in natural products? If you're bored with equities, why not invest in natural products?

If you're bored with equities, why not invest in natural products? Scheherazade Daneshkhu and Bethan Hutton examine the prospects

investment theme is real products burn, or make things with Fund managers are saying that the world economic recovery commodities - mining and agricultural products as diverse as zinc. oil, gas, rubber, soya beans, sugar and pork bel-lies - and drive prices higher.

The other big idea is that because the prices of commodities are correlated inversely with equity and bond prices -so that commodity prices rise when equity and bond prices are falling, and vice-versa -the overall volatility of a port-folio should be reduced.

A commodity element in a portfolio is supposed to act as a hedge against inflation, too. This is not just because prices of real assets like commodities tend to rise in line with inflation; in fact, rising commodity prices are a factor in generating inflation.

The worry about investing in commodities now is that the prices of several major commodities – particularly coffee and copper - have had spectacular increases already this year. Cynical investors might wonder if, once again, they are being invited to board the bandwagon near the top of the hill just in time to start head-

But Ronald Gould, of BZW Investment Management, argues that while a few individual commodity prices may have raced ahead, commodities as a whole are up only 5 per cent so far this year. Indeed, if you take a 12-month view, they are actually down slightly.

Investment trusts

Until now, there have been few investment trusts offering the private investor exposure to commodities. The nearest is Julian Baring's Mercury World Mining trust, launched about a year ago. But two London investment managers are hoping to catch the growing interest in commodities by launching new investment vehicles.

Fleming is in the early stages of preparing a natural resources investment trust, while BZW is a little further ahead with its commodities trust (while this actually is a Jersey incorporated investment company, it will be listed on the London stock exchange investment trust). Institutional investors have committed themselves to buy shares worth just under £70m in this fund; the offer for private investors closes later this

Neither Fleming nor BZW will invest in physical commodities - no warehouses piled

orget stocks and high with coffee beans or tank-shares: the latest ers full of oil. That apart, the centrating on a single commodtwo funds will take very different approaches to the sector. that you can eat, make things with. BZW's strategy is based on using derivative products to gain exposure and it aims to beat the Goldman Sachs comwill increase the demand for modity index. While some riskaverse investors may be alarmed by the very word "derivatives". Gould stresses that BZW will not use these to gear up the fund.

Instead, the managers will buy mainly loan notes, where the return is linked directly to the price of an individual commodity or index; or commodi-ty-linked swaps, which are more speculative except that BZW will back them with cash in short-term money market instruments.

The fund's model portfolio will have just over half its assets linked to oil and gas, with smaller amounts in livestock, agricultural commodities, industrial and precious metals. The asset allocation is similar to, but not identical with, Goldman Sachs' propor-

Fleming, on the other hand. is planning to get exposure to commodities by buying shares in companies around the world extraction, cultivation and processing of natural resources.

have an industrial bias, concentrating on oil, gas and nonprecious metals ous gold and platinum. The idea is to ride the commodities cycle, so the fund will have a limited life of between three and seven years. This allows the managers to sell up at the most opportune moment.

level has been set at £5,000 in order to exclude small-scale of novice investors. The fund is aimed at institutions or sophisticated private investors looking for diversification opportunities. The prospectus states quite clearly that the trust "should be seen as complementary to existing invest-ments in a wide spread of other financial assets, and should not form a major part

The Fleming trust is more open to smaller investors. Its minimum investment has not yet been set but is likely to be around £2,500. The same risk warnings apply, however: consider this fund only if you have a broad spread of equity invest-

Private investors have always had a far wider choice of commodity and energy unit trusts than investment trusts. The

ity such as oil or gold while others have a broad spread. The table lists the funds and their performance to October 1. The best performer has been Mercury Gold & General, managed by Julian Baring. This

outperformance, combined with the recent fashion for commodities, has seen it grow from £26m at the beginning of

last year to just under £400m far larger than the sum of all the other trusts in the sector. Is this a good time to invest in commodities? David Hutchins, manager of M&G's two funds dealing in them, believes the recent interest indicates that the sector is nearer its top than the bottom. He adds: "A lot of money has already been made. For example, base met-

per cent since last September. However, in previous cycles,

metal prices have increased by

more to go, particularly since the cycle usually lasts two to

three years, not just one." Mark Lawson-Statham of

Fleming, who manages S&P's

Energy Industries fund (which

als have moved up by 40 to 60 as much as 300 per cent, which suggests that there is still

which are involved in the he managers will rather than the more glamor-

BZW's minimum investment

of an investment portfolio".

■ Unit trusts

composition of the funds varies

oil stocks) also is hopeful about prospects despite the fact that oil is cheaper today, in real terms, than in 1986 when there was a price crash. He says: "When capacity uilisation [production divided by the capacity to produce] goes above 90 per cent, you get a price explosion. will remain high, probably at over 95 per cent, to the end of the decade. Oil demand has

grown every year since 1986 despite the recession."

The driving force is demand from the Far East (plus the cheapness of oil). And since the amount of oil consumed per capita in Asia is only one-tenth of that consumed in the west, it is likely this demand will continue to increase. "We have a cyclical commodity pattern backed by a stong struc-tural picture," adds Lawson-

ically, shares have outperformed commodities (measured by the Commodity Research Bureau's futures index). Thus, while good returns may be had periodically from commodities, private investors should take



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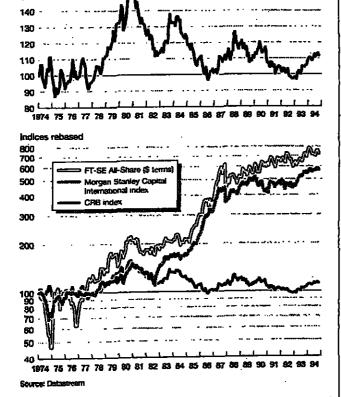
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*Source: Micropal offer to bid with gross income reinvested to 03/10/94

Commodities



How commodity unit trusts have performed				
Fund	Size £m	1 yr %	3 yrs %	5 yrs %
Abbey Commod & En	10.5	37.0	59.3	4.5
Allied Dunbar Mils	9.8	11.5	28.6	11.7
	2.1	-13.2	26.1	38.8
BG Energy Gartmore Gold	11.6	35.0	89.9	64.4
Hai Samuel Natri Resc	5.3	28.3	55.4	36.8
	392.1	73.0	300.0	250.9
Mercury Gold & Genri	33.3	31.6	69.5	49.2
M&G Commod & Gend	47.4	37.0	126.7	67.0
M&G Gold & Genri	2.1	22.2	100.6	32.5
NM Gold	28.0	28.3	116.3	
Prov Capitol Gold Tst	56.7	31.2	68.0	74.6
S&P Commodity Share	17.7	-1.4	53.9	45.7
S&P Energy Industries	17.3	51.8	137.4	105.9
S&P Gold & Exploratn	22.9	34.8	171.6	124.9
TSB Natural Resources	5.9	75.2	231.9	76.
Waverley Aust Gold	Ş. S	32.2	109.0	70.
Average		57.8	87.5	37.0
FT Gold Mines		1.9	41.6	27.
FT-A World Indx (\$) FTSE-A All Share		3.4	31.8	54.1

Schroders Schroder Investment Management

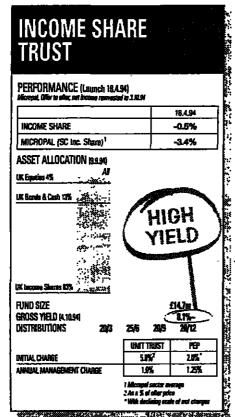


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HIGH INCOME	6.7%	57.5%	54.
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ANNUAL MANAGEMENT CHARGE	1.67	•	1.5%

HIGH INCOME

RECOVERY TRUST		
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Consumer 13%		
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Services 37%	Perio	2 yrs
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İ	UMIT TRUST	PEP
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	Micropal sector As a % of offer With declaring a	

PERFORMANCE (Launch 30.7 Monapal, Other to offer and recome represent			
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MOCROPAL* (UK Smaller Co.)1	5.6%	58.2%	18.9
Services 37% General Manut 58% FUND SIZE GROSS YIELD (4 1094) DISTRIBUTIONS 306	Dor!	cellen elative iormal 2,5 yi	nce is
INTIAL CHARGE	UNIT TO		PEP 20%
ANDILLAL MANAGEMENT CHARGE	0.79		15%

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P Source: Sunday Telegraph, N. 194. "The following well-drawell charges are also applied: "The or first year, 2% or second year and 1% in third year, thereafter free of charge — Unit treat endowated gross yields as at 4 1894 on a percentage of the full other price. Part performance or not seconssarily a goods to the future. The value of these endestments and the income arising from them may full as well as rise and as not generated. Also, deduction of charges and expurses recent you may not get both the around you invested because of Goods as an income of the property
FINANCE AND THE FAMILY

ominating the mar-kets this week was the announcement on Thursday of plans by satellite broadcaster BSkyB to go public. The issue. cheduled tentatively to take place before Christmas, is likely to involve the sale of up to 51bn of new BSkyB shares, or 20 per cent of its enlarged equity, valuing the company at just under £5bn.

After years of losses, the company has become increasingly profitable, posting £176.8m at the operating level in the year to June against £54.1m the previous year.

The proceeds of the issue, to be sponsored by Goldman Sachs and Lazard Brothers, will be used to reduce the group's £1.7bn debt.

The company's four shareholders - Rupert Murdoch's News Corporation: Pearson, publisher of the Financial Times: Chargeurs, a French

SALES

Chiltem Radio Drayton Far East

EwartFaupel Trading

Stanley Leisure

PURCHASES

Allied Colloids BOC

Beazer Homes

Courts Consulting

David Lloyd ..

Hi-Tec Sports

Marks & Scence

Nth Ireland Bec

Value & Income Tst

took place at Irish property company Ewart where Frank

Tughan sold more than 2.7m

shares at 70p and then

bought by Fortress Hill, a com-

pany owned by Brian

O'Connor, chairman and chief

managing director of the

wholesale division of ISA

International, is another direc-

tor to have resigned from his

job and to sell the majority of his holding at the same time.

en (A) Pk

iertmore British Inc & Grw lokdsmiths Gross

Company bid for

Dale Electric
Elswick
Liffiguat
Low (Wira) !
Plentsbrook
Scholes !
Towles !
Trans World

executive of Allied Group.

Wessex Water

inchcape .

TI Group .

New issues

BSkyB heads to market

textile company; and UK media moving into medical equip-and catering group Granada - ment manufacturing, issued its will benefit from the repayment of the £1.2bn portion of debt they have given or guar-anteed. News, which provided roughly half the shareholder debt, should receive around £500m after the issue.

None of the shareholders intends to sell any shares in

DIRECTORS' SHARE TRANSACTIONS IN THEIR

OWN COMPANIES (LISTED & USM)

550,000

30,000 32,000 17,000

25,000

15,000

3,500 12,587

29,202 20,000

50,000 1,809,250 75,000 25,000 15,000

100,000 5,000 6,510 20,000 20,000

175,000 3,000

185,000 20,000

Value expressed in 2000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over \$10,000. #Portavo Hidgs. \$ pension fund, Information released by the Stock Exchange September 26-30 1994. Source: Directus Ltd. The Inside Track, Edmburgh

Directors' transactions

The largest sale of the week took place at Irish property diversified engineering and building products firm, have

resigned. The stock was outperformance of 68 per cent.

☐ Keith Edwards, previously noted that directors had been

RESULTS DUE

Tuesday Tuesday Monday Tuesday Monday Tuesday Monday Tuesday Monday Tuesday Monday Tuesday Tuesday Tuesday Tuesday Tuesday

Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting approve preliminary results. [‡] 1st quarterly, † 2nd quarterly, * 3nd Quarterly

TAKE-OVER BIDS AND MERGERS

55" 65" 109 70%" 18% 160" 350" 250" 275" 181

29.80 ABled Group 10.70 Euro Fire Prot. 364.00 Browning Ferris 16.00 TT Group 37.70 Fergusion Int'l 37.20 Stantome

37.20 Statement 247.00 Tesco 193.00 SCI 96.10 Hanson 4.22 London City

of the stock.

6,666 2,725,647

.Proc

Chem BCon

.Div

..L&H

..Dist

. RetG

RetG

the flotation. Indeed, Chargeurs plans to buy more shares to prevent dilution of its stake. Biocompatibles International, a research company

Value

117,500 742,500

17,198 1,907,953

37,120

22,100

18,750

24,195 16,197

55,192 10,000

120,000 343,757 16,500 12,000 63,750

120,000 20,050

24,998 21,100 16,800

24,500 10,440

29,600 23,200

been performing well over the

past year, recording a relative

The sale by Trevor Brentnall a non-executive director, at

55.5p leaves him with 340,000.

☐ Lookers. Last week, we

exercising options and selling

the resulting holdings. In fact

directors have been net buyers

Vivien MacDonald

The Inside Track

Dividend (p)* Final

8.0 0.5 5.26 4.9 2.0 2.86 5.3 4.0 4.65 2.4

2.7 2.1 1.5 2.45

1.7 1.9 1.35 1.45

have a market value of about £50m and is seeking up to £40m through the issue of new The pathfinder, which shows that the company had accumu-

lated losses of £9.77m at the end of June, warns that investment in the company involves a higher than normal degree of

ment manufacturing, issued its

pathfinder prospectus on Wednesday. It is expected to

ert Fleming and the broker is Smith New Court.

The pathfinder was also published for Churchill China, which intends to be the third Staffordshire-based china com-pany to float this year. Hoare Govett is sponsor and broker.

Despite investor nervousness about new issues. Servisair, the independent aircraft and passenger handling company, announced its flotation was fully underwritten at its target price, valuing the com-

pany at 1543m.

Calluna, a manufacturer of computer hard disks, announced plans yesterday to float on the Unlisted Securities Market through a £10m to £12m placing.

Dealing began in Games Workshop on Thursday, the shares opening at 115p and closing at a 3p premium. Com-modity trader ED&F Man began trading yesterday, the shares closing down 8p at 172p.

The week ahead

MONDAY: George Simpson presents his first results at Lucas Industries, the automotive and aerospace component supplier, since his arrival from Rover to take over as chief executive. The revival of automotive business suggests 1993-94 pre-tax profits of around £65m against £50.3m. with total dividends maintained at 7p. But Simpson is taking Lucas into another round of re-structuring, attacking costs and reducing the product range. This could mean that the group will make provisions which cut into the earnings and dividend pros-

MONDAY: Scottish Television's pre-tax profits are expected to have risen from £3.13m to £3.9m in the first half, but advertising revenues could be weak. Analysts will look for a response to this week's disclosure that Mirror Group Newspapers has increased its stake from 15 to 20 per cent. TUESDAY: St Ives, the UK's largest independent printer, is forecast to announce a rise in annual pre-tax profits from

show some recovery, but there are concerns that large customers may try to lower printing costs to counter higher paper prices. WEDNESDAY: Lloyds Chemists, which runs the UK's second-largest chain after Boots. is expected to announce

annual pre-tax profits of

around £56m. The City is also

£22.1m to roughly £25m. Maga-

zine and book printing should

Share price relative to the FT-SE-A All-Share Index ource: FT Grephite

looking forward to a sharp increase in the total dividend, possibly to more than 9.5p. WEDNESDAY: Gardner Merchant, the largest contract caterer in Europe, announces its interim results. But plans to float the group appear unlikely to go ahead until next spring. Last year the group, bought by the management from Forte for £402m at the end of 1992, made annual profits of £46.9m on £lbn turnover.

THURSDAY: Body Shop International, the UK-based natural cosmetics retailer, will attempt to forget a summer of criticism over its ethical credentials and focus attention on its trading prospects as it announces interim results. Analysts are looking for a healthy increase in pre-tax profits from £10m to about £11.5m. Total sales are forecast to have increased 15 per cent, with those in the US about 30 per cent ahead.

	PR	ELIMI	NARY	RESUL:	rs			
Company	Sector	Year to	Р	e-tax rofit 1001)	per	nings" shere (p)	Olvidends per share (p)	
Barry Wehmiller	Eng	ᇓ	5,100	(7,100)	7.5	(11.0)		(6.3
Setacom .	58EE	Jun	203	(516)	0.3	(0.83)		(
British Building	BLC	Jun	2,510		16.7	(14.2)	8.0	(8)
Chesterton	Prop	اللق	5,200	(3,800)	7.1	(5.8)	-	- 4
Ex-Lands	LeH	Jun	1,270	(914)	0.98	(1.06)	0.42	0.3
Finelist Group	Dist	Jun	2,450	(010,1)	82	(3.0)	1.5	- (
Fortnum & Mason	ReGe	Ju	2,310	් ටාග්	368	311	110.0	(1000)
Galliford	B&C	Jun	5,880 L	(412)		(0.33)	1.0	- 1
Groupe Chez Gerard	LeH	Jun	1,670	(959)	7.28	(4.84)	-	- (
Manchester United	LeH	Jul	10,780	(4,200)	61.1	(24.3)	21.0	(19.
Novo Group	SpSv	Mar	1,290	(1,810)	1.74	(3.82)	0.2	(1.
Power Corp	Prop	Mer‡	13,400 L	(104,860L)	-	Ή.	-	(
Prestwick .	E&EE	Aug	1,250 L	\$3,970 L)	-	Ĥ	0.5	- (
Paine	B&C	Jun	13,140	(10,810)	4.34	(4.66)	20	(1.1
Renishaw	₽ng	Jun	8,200	(7.140)	120	(10.3)	4,4	(4.1
Shepherd Nearne	Brew	Jun	5,110	(4,710)	60.2	(54.4)	19.0	(17.
Waterman Periners	SpSv	Jun	200	(124)	0.3	(0.1)	1,0	LI)
Wetherspoon (JD)	Bress	أنال	6,480	(4,170)	18.2	(14,1)	6.6	5.4

	INT	ERIM ST	ATEMEN	TS		
Company	Sector	Half-year to	Pre-tax (500	inter divider per sha	rds*	
Arcadian Inti	B&C	Jun	116	(471 L)	-	
Asds Property	Prop	Jun	4,430	(2,470)	0.75	(0.7
Ash & Lacy	Eng	Jul	2,020	(1,570)	2.5	2.5
Atlas Converting	Eng	Jun	1,860	(1,380)	7.0	(7.0
Austin Reed	ReGn	Aug≠	1,840	(930)	2,0	(24
Badgeriine Group	Tran	Jun	5,390	(2,560)	1.5	(
Bank of Scotland	Bank	Jun	213,200	(117.600	213	(1.5
Beradin Hidge	OtSv	Jun.	204	(249)		. (
Betterware	ReGn	Jul	3,900	(7,600)	0.85	p.e
Bilton	Prop	Jun	9,060	(8,990)	2,89	2.8
Bisichi Mining	Ext	Jun	193	(102)	-	- 6
Boosey & Hawkes	LeH	Jun	1,500	(1,410)	1,32	(12
Ct Group	Eng	Jul .	337	(905)	0.2	(A.4
Camellia Group	OtFre	Jun	6,650	(6,490)	14.0	(13.0
Cannon St Inva	Dvin	Jul ia	217	(4,830)	-	(
Chiroscience Group	Phm	Aug	3,750 €	(1,330 L)	-	6
Darby Group	n/a	Aug	566	(379)	0.9	(D.
Densitron inti	EXEE	Jun	366	(251)	0.5	(0.5
Doeffex	Chem	Jun	950	(725)	1.6	(1.0
Dolphin Packaging	PP&P	Jun	1,150	(1,130)	1.7	(n.)
Etam	ReGn	Aug	4,740	(2,410)	1,95	(1.7
Fiscal Properties	Ртор	Jun	562 L	(164)	0.624	. (
Gates (Frank G)	Dist	Jun	t,060	(1,150)	-	ŀ
Grænpfen Hildge	Phra	أناث	3,590	2.050	1.7	(1,7
Hatene	Text	Jun	1.260	975)	0.65	pie:
Herring Baker Harris	Prop	أناث	306 L	(1,080)	-	0.5
Hewden-Stuart	B&C	Jul	16,200	(9,100)	0.825	p.75
HI-Tec Sports	LeH	Juli	7,100 L	(76)	1.6	n.25
Hughes (TJ)	a/a	Jul	333	rt 15	0.8	0.7
bstock .	8dMa	Jun	4.360	(17.100 L)	0.5	D.
Joinston Group	BollMe	Jun	2,410	(393 L)	3.5	ı fi
Lamont Hidgs	Text	Jun	5,620	(4.050)	3.85	às
London & Assoc Inv	<i>In</i> Tr	Jun	865	(713)	0.06	DO:
Navan Resources	Exti	Juni	549	297	-	Ţ.
Plant & Gen	OtSv	Jun	871	(808)	1.0	D.7 5
Portin Group	Octor	Jun	2.080	(098,1)		
OS Holdinas	ReGn	Jul.	2.220	11,680	1.56	(1.56
Radamec	EAFE	Jan	421	(2000)	0.7	0.5
Sherwood Group	Text	Jul.	5.980	(7.760)	1.15	(1,0
Silentnight Hidgs	HseG	<u>m</u>	4,170	5.220	2.75	2.75
Singapore Para Rub	OtSv	Jun	146		213	(÷
iraficmaster	Tran	Jun Jun	140 541 L	216	-	ä
KC)	LeH	Jun		(468 L)	-	fi H
Malikar Greenback			67	(4,030)		
	HacG	-jul	4,140	(3,350)	1.3	ηG
Watts Blake Beame	Edi	Jun	5.130	(4,140)	3.9	85

(Figures in paramitises are for the corresponding period.)
"Dividends are shown net period per starm, accept where otherwise indicated, L. = loss, † Not asset white per share, ‡ inch punts and pence, ‡ 3 month figures. \$ U.S dollars and cents. \$\$ Not asset value. \$ 10 month figures, * 28 week figures. ‡‡ Correction, listed as a private placing in last value.

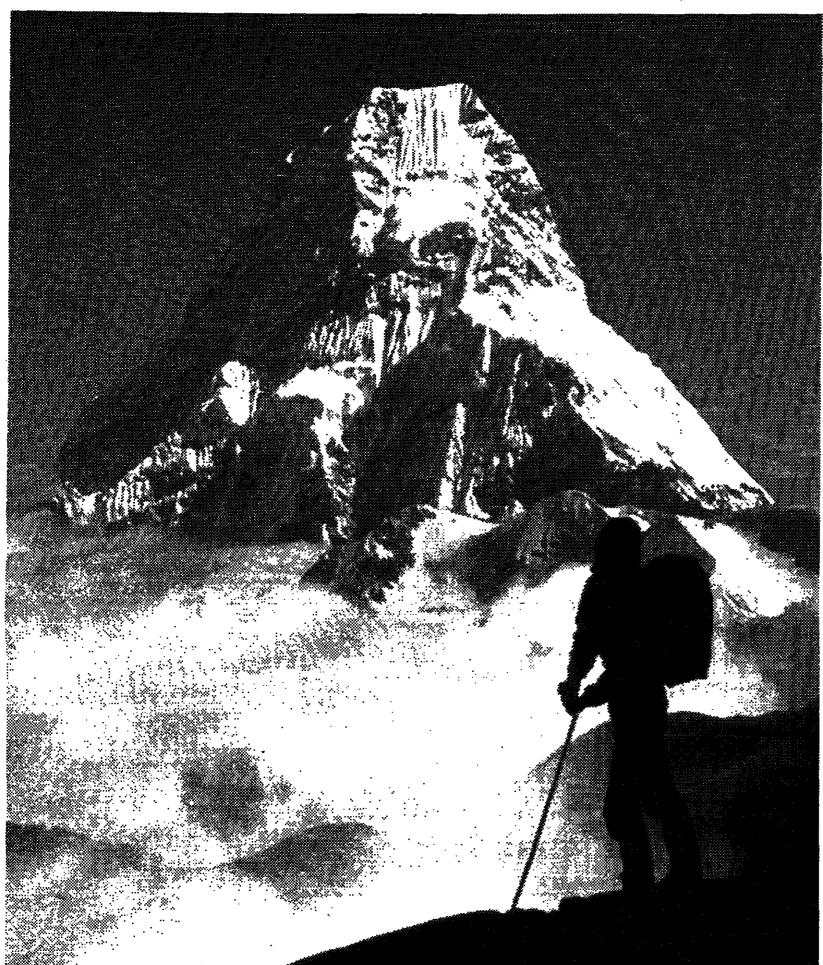
RIGHTS ISSUES

iolanston Press is planning a 3-1 scrip issue Union Square is to raise 19.6m via a 1-1 rights seue **0** 5p per ahare.

Sindail is to raise £2.6m via a placing and open offer of 4.4m shares @ 60p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS Barts Holdings is to raise \$1.72m via a placing and 9-8 open offer of 8m shares @ 25p. Blocompatibles inti is coming to the market wa a flotation.
Churchill China is to rase £15m via a placing.
Filtronic Contect Pic II is coming to the market via a placing of £5m

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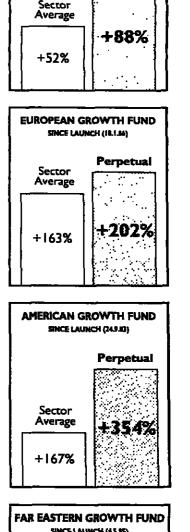
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FINANCE AND THE FAMILY

Lloyd's: who wins what?

Ralph Atkins analyses this week's High Court 'victory' for Names

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Names was vented a little this week. The High Court's ruling that Gooda Walker Names -

among the worst-affected members of the London insurance market - had been victims of negligent underwriting during the late 1980s reinforced many Names' arguments that some professionals who handed their money were incompetent and culpable.

Beyond the sense of vindication, however, the benefits that aggrieved Names can reap following Tuesday's ruling are not clear. Although Mr Jus tice Phillips, the judge, was colourful in criticising the Gooda Walker underwriters, other cases in the legislative pipeline may not prove as strong.

Phillips described the insurance "spiral" in the Gooda Walker case, by which the underwriters agreed to cover others against excessive losses from catastrophes, as "like a multiple game of pass the parcel". His criticisms may encourage other "spiral" cases, particu-

se case begins later this month. But they do not set a precedent.

The next batch of cases, for instance, concern a different set of losses - those arising from so-called long-tail liabilities: claims related to US asbestosis and pollution awards in the United States. These affect policies underwritten by syndicates as far back as the

Moreover, when Lloyd's last year appraised the strength of 31 legal cases pending in its attempts to forge a settlement between all sides embroiled in legal challenges, Sir Michael Kerr, a former High Court judge, found some were "weak" or even "hopeless".

Even when Names have a strong case, the justice system is unable to offer quick recompense. Gooda Walker is a good illustration: although the action group was quick to organise and had a relatively swift passage through court, it will still be months before the level of compensation is agreed. An

larly Names on the Feltrim syndicates appeal could delay any deal until next summer. By then, legal action would have taken more than two years to reach a conclusion. Other action groups do not even have a date for their cases to begin; many may have to wait until the end of the century.

Another reason for caution in interpreting the Gooda Walker verdict is that damages awarded may fall well short of losses incurred by Names. Phillips said damages for the Goods Walker Names should be based on losses sustained by the negligent conduct, rather than total losses. The action group estimates that will be worth £504m (compared with its claim of £629m), but lawyers for the defence

describe that as speculative.

One little-noticed feature of the Gooda Walker case, however, was the High Court's ruling that the Names involved should have some protection against losses resulting from catastrophes but which have not yet been

Electrifying facts

Yet, even if the Names win legal backing for compensation, they may not get their money back. This is because the Lloyd's agencies they are suing may not have sufficient "errors and omissions" cover from which claims for negligence are paid. The best estimates in the Gooda Walker case suggest about £250m-£300m might be available - much of it underwritten by other Lloyd's Names. In total, E&O cover for agencies being sued probably totals about £1bn - compared with total claims of about £3bn.

In practice, that could mean some groups of Names receiving little more than they would have under Lloyd's £900m settlement offer which was rejected carlier this year.

Josceline Grove, secretary of the Secretan Names Association - which is claiming £60m on behalf of 962 individuals in a case still some way down the legal queue - admits "it is a race into court and the first groups could scoop the pool, leaving nothing for the rest".

Dividenc

Power but no glory

regulator get it right after all? Professor Stephen Littlechild drew strong criti-cism two months ago when he announced a set of price controls on regional electricity companies that sent share prices soaring to record levels. The view among politicians was that he had been too soft and even the City acknowledged he was less tough than he could have been. In the past six weeks or so,

however, the shares have under-performed. In some ases, they have sunk to levels below where they were imme-diately before Littlechild's announcement. So, after three

years of largely uninterrupted growth, has the bubble burst? The question will have particular concern for shareholders in Scottish Power and Scottish Hydro-Electric. When price controls were imposed on them last week, shares fell immediately as the market judged they had been given a

tough time by the regulator. National Power and Power-Gen, and Northern Ireland Electricity, have been feeling the breeze, too. Although not subjected to regulatory reviews recently, they have been hit by falls in the sector and the mar-

So what, then, are the pros-pects for electricity companies? In general, they remain at least

some clouds around. The Labour party is perhaps the biggest threat. Although it seems to have ruled out re-nationalising the companies, it could impose a windfall tax on the profits of privatised utili-ties - a possibility confirmed this week by Gordon Brown,

the shadow chancellor. Although change is much less likely under the Tories, it cannot be ruled out. The government appears increasingly sensitive to criticism that the utilities, particularly electricity, are not policed tightly ough, and a cabinet commit-

tee is examining regulation. Politics apart, there is plenty of potential to keep sharehold ers smiling in the medium to long term, so reinforcing the arguments of Littlechild's critics. Some of the uncertainty surrounding most of the companies recently will lift in the next few months, particularly in the case of the regional electricity companies (RECs) in

England and Wales. The main doubts for REC shareholders have centred on the National Grid, the transmission company which the companies plan to float next summer. The RECs are putting considerable effort into minimising the capital gains tax they

he outcome of talks with the Inland Revenue could make a difference of up to £1bn in their hill although most analysts believe the market has made allowance already for the worst scenario and that share values will grow when the details of flotation have been decided.

Sorting out the National Grid will allow the companies to press ahead with other ways of improving share earnings. Most have started share buyhacks but completion will, in most cases, have to wait until after the results season, which starts next month and ends in mid-December.

Analysts expect the results, from the first half of the year, to produce pleasant surprises. With Littlechild's review over, dividend growth is more likely to exceed expectations than disappoint them. Indeed, the City is expecting at least 6 to 8 per cent real growth a year from all RECs for the rest of

٤m Year end 51,2 1,562.3 3.96 3.94 East Midland Electricity 3.87 1.912.7 3/94 176.8 Eastern Group 186.5 1493.7 4.11 London Electricity 3.99 3/94 126.3 904,5 Manweb 1,514.0 4.06 195.4 Midlands Electricity 3/94 3/94 677.0 5.995.1 3.34 National Power 128.7 931.6 4,10 3/94 Northern Electricity 1.300.6 3.82 178,3 3/94 597.5 3.92 74.9 Northern Ireland Ele 476.0 4,173.7 2.98 4/94 Powergen 164.2 Scottish Hydro-Electricity 3/94 2,717.3 4.65 Scottish Power 3/94 351.1 3/94 131.7 7,013.2 3.64 104.0 780.3 4.17 South Wates Electricity 3/94 910.7 3.97 South Western Electricity 3/94 116.8 3/94 222.0 1,937.7 3.97

149.0

1,447.8

Electricity Relative to All-Share (FT-SE-A Indices) 170 -160 --150 ---140 -130 --

value. But there is less enthu- dash for gas by rivals: the siasm for the Scottish companies. Privatised later than the squeezed by tougher controls. Hopes that the regulator might ease these significantly in his

Southern Electricity

Yorkshire Electricity

review were dashed. The Scots have no National Grid to sell and no immediate plans to buy back shares. Most analysts think they have less scope to increase dividends, even if real growth is likely to be 5 per cent minimum a year.

Even so, some analysts feel the Scottish shares have fallen too much since the review; they point out that both companies have potential to increase their unregulated earnings by exporting power to the rest of the UK. Nonetheless, the companies

Hydro, in particular - are struggling to overcome the feeling that their prospects are less exciting than those of the

National Power and Power-Gen are considered to have better basics although their shares have been unsettled recently. One reason was the uncertainty created by the government's sale next February

more independent gas-fired stations that come on stream, the ket for the two companies older, coal-fired stations. A further problem is that

they have agreed a deal with the electricity regulator under which they will try to sell off 6,000mw of capacity by the end of next year. Failure to do so could cause them to be referred to the Monopolies Commission, although that seems unlikely.

But the two companies do have strong balance sheets and above-average dividend growth is expected of both: indeed, some analysts believe they can increase dividends by more than 15 per cent a year

Northern Ireland Electricity's image as sector star has been dented following the reviews involving the mainland companies. While these were under way, some inves tors bought NIE as a hedge against tough price controls in England, Scotland and Wales.

Still. NIE continues to be regarded highly and, as it was privatised only last year, many of the rewards of cost-cutting

FINANCIAL TIMES Newstetters

Fldelity Luippe Jund

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FINANCE AND THE FAMILY

A capital way to make money

But those who venture can risk losing out in a volatile market, says Bethan Hutton

his year's highly-pub-licised flotation of 3i, the venture capital investment trust, attracted many private investors to venture capital for the first time. But 3i is only the latest - and largest - addition to a long-established invest-

ment trust sector.

Micropal lists 25 funds in the venture and development capital sector which invest in small businesses in their start-up phase, or provide extra capital to more established (but generally still unquoted) companies which need money to expand or to fund a management

buy-out or buy-in.

Many funds are tiny - 10
have less than £15m under management. Until 3i came to market. Electra was the largest venture capital investment trust, with assets of £574m,

compared with 3i's £1.9bn. The characters of the funds differ as much as their sizes. There are geographic specialists like Abtrust Scotland which, as its name suggests, invests mainly north of the border; and the East German investment trust, which buys privatised East German enter-

Several of the general funds - Electra, Ivory & Sime Enter-prise, Foreign & Colonial Enterprise - have substantial holdings in the US as well as the UK. Pantheon International Participations is unique in the sector as it prefers to invest through other venture capital funds.

Risk levels also vary widely. A fund with a concentrated portfolio of a few dozen investments will be more risky than one like Pantheon, which has indirect stakes in several hundred companies, or 3i, with more than 3,400. Funds specialising in start-up capital are riskier than those providing development capital to more

Likewise, performances can be poles apart: Micropal's 10year performance figures for £100 invested in venture capital trusts range from £430 to

So, the choice is broad. But it can be difficult for private investors to know what they are buying, not only for what each trust aims to do but also in terms of value for money.

The usual measure of whether an investment trust is cheap or expensive is whether its share price is at a discount or premium to net asset value. The problem is that the accurating depends on how accurate the calculation of asset



Asset values of investment trusts with portfolios of quoted shares can easily be re-calculated every day, but unquoted investments are another matter - their market value is difficult to determine and highly

subjective. Venture capital investment trusts tend to value their unquoted assets two or four

times a year.
In between valuations, it is impossible to tell if the asset value is rising or falling – companies in the portfolio may have been awarded lucrative contracts or be experiencing financial difficulties, but this will not be reflected in the fund's quoted asset value.

eriodic re-ratings can be quite dramatic, par-ticularly in trusts nearing their wind-ing-up dates which are selling off stakes and realising large

3i, for example, values its portfolio twice a year. The last valuation was at the end of March; the valuation from the released next month.

So, although 3i shares were,

mium to what analysts estimated was asset value, no one knew for sure whether that

Recently, 3i's presumed premium rating has been eroded, as investors have taken profits - up to 20 per cent for those selling at the 336p peak. Indeed, some brokers have been recommending that clients sell 3i and buy other venture capital trusts.

Peter Walls, investment trust analyst at Credit Lyonnais Laing, says: "My belief is that, in asset value terms, one would see better growth and better performance from the likes of Murray Ventures or Electra for the next two or three years than one will from - they are trading on rela-

tively generous discounts." But Iain Scouller, investment trust analyst at S.G. Warburg, points out: "Some people have been talking about switching out of 3i into Electra but, looking at the underlying assets of those trusts, they are very different." 3i's portfolio is much more diverse, and more the other large, general ven-

ture capital trusts. Still, if 3i's profile is what until recently, trading at a pre-

you want over the long term. you should stick with it; you will not get the same from another trust. But if you want to put new money into venture capital, or are prepared to go for a riskier fund, you will

Venture capital is not for

probably find better value elsemainstream

everyone. It is a highly volatile and potentially very profitable area - but it can lose inves tors' money all too easily. Most advisers recommend treating venture capital funds with caution, and only investing if you have a broad portfolio of more

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Canterbury tales

niversity life is marked by borrowing and scrambling to make ends meet. Most students are familiar with the ritual of requesting an overdraft or wrangling a loan from parents or the gov-ernment. Now, students at Canterbury University in the south of England are being offered an alternative to the traditional forms of finance. The Canterbury Local

Exchange and Trading System (LETS), a community bartering scheme in which members trade goods and services such as house cleaning, gardening and bicycle repair for trade credits, is inviting students to

offer their skills in exchange for an opportunity to stretch

Students will pay £2 to join and will be assigned an account denominated in the local trading unit - which in Canterbury, appropriately, is

They will be given a cheque book and a directory of services provided already by the 200 members in the Canterbury pool. Once they add their talents - be it baby-sitting, computer skills or aromatherany - to the list, they can start trading. A central recordkeeper debits or credits each member's account after each

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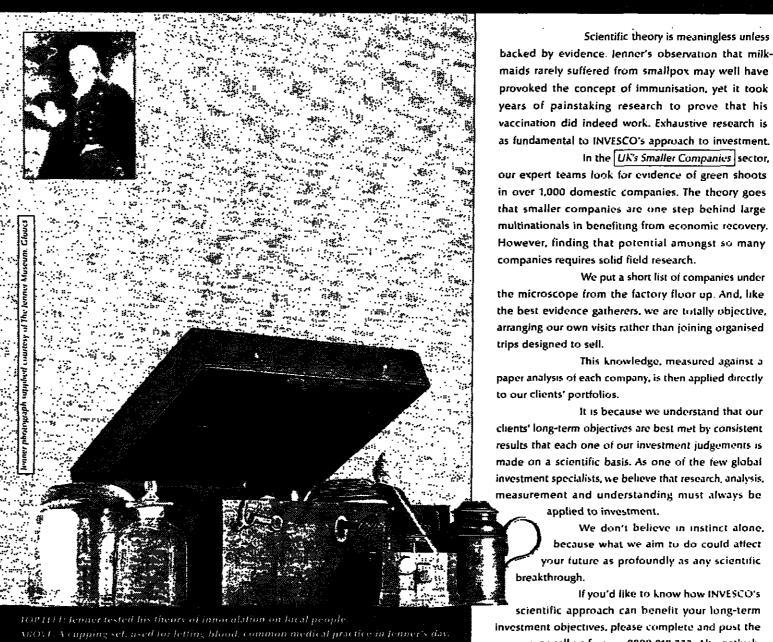
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LETS have become increas ingly popular in Britain, where there are more than 200 schemes. The first was set up in Canada in the 1970s; since then they have spread to the US, Australia and continental

Joan Culloty, of the Canter bury LETS, says: "It will stretch students' horizons and make it easier for them to sur-While believing they will not abuse the system, she admits: "Some of them may find it difficult to earn their payments. But we trust them to earn and spend in a reason-

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FINANCE AND THE FAMILY

Hurry for a quick fix

🤜 ixed-rate mortgage have been rising this year as the cost of borrowing on the wholesale money markets has risen. But while a good number of fixed rates remain available, Ian Darby, of mortgagebroker John Charcol, believes

they will disappear quickly.
"There is still a lot of old money in the markets, but new money priced on the post-bas rate rise is more expensive," he says, "I don't think the old money will be around for more than another week."

Five-year fixed rates of 6.99 per cent, available at the beginning of the year, have given way to very resistable new offers. The latest, launched this week, includes a three-year fixed rate of 9.5 per cent from Cheltenham & Gloucester, a four-year fix from Woolwich of 9.49 per cent, and a 4½-year fix (to February 28 1999) from Barclays bank at 9.75 per cent.

The table shows some of the better rates available, including five-year fixes of 8.15 per cent from the Britannia and Lambeth building societies. But you need deposits of 40 or 25 per cent respectively.

As long-term money becomes expensive, the choice for borrowers is likely to be between a shorter-term fixed rate or a discounted variable rate.

Since interest levels are now on the way up, taking a short-term fix means you can be relatively sure you will not be undercut by lower mortgage rates. The standard variable rate is now just over 8 per cent so the two-year, 4.95 per cent fix from Charcol looks attrac-

Always check that the fees on a fixed rate are not too high and try to avoid mortgages tied to compulsory insurance - you could well find cheaper insurance elsewhere.

Check, too, that the mortgage still applies if you move house within the fixed rate period, since you do not want to have to pay the early redemption penalties which are always attached to fixedrate mortgages.

Lenders have been trying to wean borrowers off fixes and on to their variable rates by offering discounts and cashback offers. Discounts tend to represent better value - the

	Best Mortgage	Buys	: Fixed	and	Discou	ıt	
Fixed Rates						Fee/RP	Comp b/c
Lender	Rate%(APR)	Fix until		Max adv.		
Marshara Book	5,49 (5.6	1	1/6/96		95%	£250/4mts	Yes
Northern Rock	4.95 (5.1		1/7/96		95%	£295/3mts	No
John Charcol	7.25 (7.7		1/10/97		90%	£275/3mts	Νc
National Counties	8.15 (9.0		1/9/99		60%	£275/6mts	Yes
Britannia Lambeth	8.15 (9.4		1/9/99		75%	£250/6mts	Yes
Discount Rates							b
Lender	Rat	9%(APR)	Ma	x adv		Discount until	Comp b/c?
No. d Do die		,14 (8.4)		90%	2% to	1/1/98 =6.14%	Yes
Northern Rock		.14 (8.4		90%	5.25% to	1/1/96=2.89%	Yes
Northern Rock		05 (8.4)		90%	5.1% to	1/11/95=2.95%	No
Bank of Ireland		14 (8.5		75%	5.14% kg	1/11/95≈3.0%	Yes
Principality Altiance & Leicester		10 (8.5		95%	1.6%	for 3 yrs≈6.5%	No.
First Time Buyers: Fixe	d and Discount Rate	5				- <u> </u>	
		.75 (1.8)	<u> </u>	90%		Fixed to 1/8/95	No
National & Provincial		.90 (2.1		95%		Fixed to 1/8/95	Yes
Yorkshire		114 (8.3		90%	5.25% to	1/1/96=2.89%	Yes
Northern Rock		10 (8.7)		95%		for 1 yr=3.4%	None
Greenwich Alliance & Leicester		.10 (8.5		95%		o for 3 yrs=6.5	No

lender reduces its variable rate for a specified period by a set

The table shows that Northern Rock is offering a 5.25 percentage point reduction until

the beginning of 1996. Since its variable rate is 8.15 per cent, borrowers will have to pay a mortgage rate of only 2.89 per cent until then (or 5.25 points lower than the society's vari-

Female age 75 Armuity

£12.524.52

£12,426.84

£12,284.16

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An annuity provides guaranteed income for the in return for a tump sum knostment. PURCHASED LIFE ANNUITIES are bought by people wanting extra regular income. Rates are attractive for older people. The annuity income is not fully baside. The table shows rates not 25 per cent income tax. Certain rates include "capital protection" – allowing the capital invested - less instalments paid to you - to be returned to your estate when you die.

fithout capita	protection	Without capital	protection				
lale age 70	Annuity	Female age 70	Annuity				
VEPEN	£12,309.36	Canada Life	£10,603.44				
andard Life	£12,054.36	RNPFN	£10,473.13				
anada Life	£12,053.52	Standard Life	£10,353.84				
ith capital pr	rotection	With capital protection					
iale age 70	Annuity	Female age 70	Annuity				
NPFN	£10,987.56	Canada Life	59,789.60				
guitable Life	£10,901.64	Sun Life	\$9,770.42				
andard Life	£10,775.76	RNPFN	29,746.16				
fithout caoita	protection	Without capital	protection				

£14,496.12 Standard Life £14,291.16 Canada Life Standard Life

Annuity

£14,750.52

Male age 75

RINPFN

JOINT LIFE - 100% SPOUSE'S BENEFIT Without capital protection Male age 68 Male age 70 Fernale age 65 28,508,60 28.994.48 Canada Life Canada Life £5.872.23 Sun Life €8,440,09 Sun Life Royal Life €8,325.76 Standard Life 28.820.36

Payments are monthly in arrears, without a guarantee period and without escalation. Rates are at 4 October 1994, Figures assume an annuary purchase price of £100,000 are are shown net after tax. A tax rate of 25% has been applied. RAPFN amunities are available only to nurses and allied workers.

Source: Annuity-Bureau: 071 620 4090.

able rate if it changes).

"Lenders are waging a discount war," says Darby, "If you want a variable rate, then a discount is very good value. But if you are on a five-point discount for a year, and base rates increase again, you could find yourself moving from 3 per cent to 9 per cent in the space of a month."

If you want to avoid that kind of shock but still want a discounted rate, Alliance & Leicester is offering a smaller discount of 1.6 percentage point spread over three years. An alternative is to accept a

cashback offer instead of a discount, Royal Bank of Scotland has just launched an extremely competitive variant on the standard cashback offer of "take out a mortgage with us and we will give you £££ cash up-front".

Borrowers will receive from the bank the equivalent of their first regular monthly payment (to a maximum of £1,000) every year during the life of the mortgage. The mortgage is available on repayments as well as interest-only mortgages backed by an endowment, personal equity plan or pension. The early redemption penalty is one month's interest in the first three years.

Remember, however, that the cashback could be taxable.

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l	Justizet Access	4.58	459	3.37	3.37	Ydy	Tiered	4.156.953.853.750.25
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		4.59	4.56	3.38	3.38	Yity	16,099	Authorised overdraft rate
1		3.58	3.50	2.63	263	Yriy	500	of 9.5% APR. Subject to
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	Let Class Access	5.55	5.55	4.16	4.16	Tity	2,000	
	1st Class Access	1.45	1.45	1.89	1.87	Trig	25	

AB your savings needs in one particile. INSTANT ACCESS, 90 DAY, HICA, MONTHLY INCOME, TERM, TESSA. Asset

Your guarantee

related to how much you pay - anything between £23.50 and

£117.50, according to the associ-

Solicitors also can guide you on inheritance tax but the

costs for this will push up the

bill; ask for an estimate first.

The best are likely to be found

through personal recommenda-

tion. If you are unhappy, you can turn to the Solicitors Com-

Banks and building societ-

that most banks insist on

being named executor and, since their fee tends to be a

fixed percentage of the estate, they can be very expensive.

The survey found that of the

10 wills given to banks and building societies, three were good, five reasonable and two poor. It also found incompe-

tence and lengthy delays in

□ Will-writing services. Of the

six firms surveyed by the association, four produced poor

wills while those from two oth-

ers were no more than reason-

able. But these often are franchise operations and

qualifications are not needed

to provide such a service.

Moreover, they are unregu-

Some of these, or independent

financial advisers, may offer

"free" will-writing services, but be wary - this could be a mar-keting ploy to sell you some-

The survey tried out only

three life companies, however. Two drafted reasonable wills. The third did not draft one

after the client refused to buy

☐ Do-it-yourself packs. Thes

may seem an easy option but

you can miss out on good advice, which could cause

unnecessary complications after your death.

*Solicitors Complaints Bureau, Victoria Court, 8 Dormer Place, Learnington Spa, Warwickshire,

CV32 5AE, Tel: 0926-820 032.

Other complaints: Banking

venor Gardens, London SW1X 7AW (071-931 0044).

redress for unhappy clients. □ Life insurance companies.

ies. The main problem here is

plaints Bureau

executing wills.

thing else.

any life products.

Don't delay that will

Scheherazade Daneshkhu explains the benefits of making proper provision

nly one-third of UK adults have made a will. To Make a Will week, an annual promotion organised by the Law Society, starts on Monday, October 17.
Married people tend to assume everything will pass to their spouse when they die – but this is not always so, as the chart shows.

In broad terms, if you die without a will and leave an estate worth more than £125,000 (in England and Wales), it will be divided between your spouse and children (sometimes parents if there are no children).

This can be a problem if much of the estate's value is concentrated in the family home - the spouse might have to sell it to satisfy other claim-

People who stand to lose most are unmarried partners who survive the person with whom they lived. They have no rights under the intestacy laws although, if they are a dependant, they may be able to claim

through the courts. There are three distinct elements in making a will: ■ Appointing executors to

handle your affairs. Usually, these will be trusted relatives or friends. If you die intestate. your next of kin will have to do the job - even if they are reluctant at such an upsetting

Try to avoid appointing a professional, such as a solicitor or bank. They are likely to be expensive and the family could find it difficult to control them if it is unhappy with their service. A non-professional executor can always appoint a solici-

tor to help, anyway.

Prescribing powers for trustees. If you have children under 18, you must have trustees to handle their affairs although the executors can fulfil this role. How much power the trustees should have is for

■ Distributing the property. This should be quite straightforward so long as you have calculated the size of your estate and know where you want your possessions to go. But remember to revise the will if your financial or personal circumstances change significantly, or a beneficiary

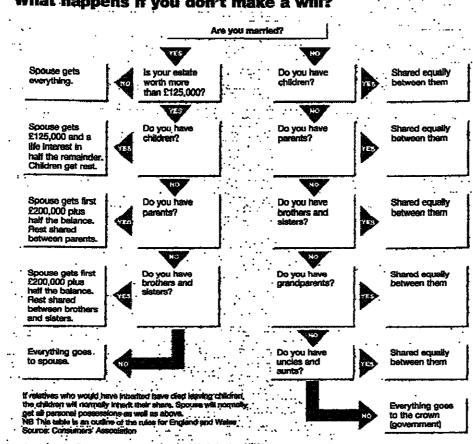
Where should you have the will drawn up? The options are wide, ranging from a trip to the stationer for a do-it-yourself pack to a solicitor's office. But research by the Consumers' Association - published this week in its magazine, Which? - found that one in five wills was of poor quality, with

sloppy drafting.
The association suggests shopping around for quota-tions, working out figures beforehand, and getting the person drafting the will to explain any jargon they might use. Always check the will after it has been drafted.

Solicitors came out best in the array of the 31 wills

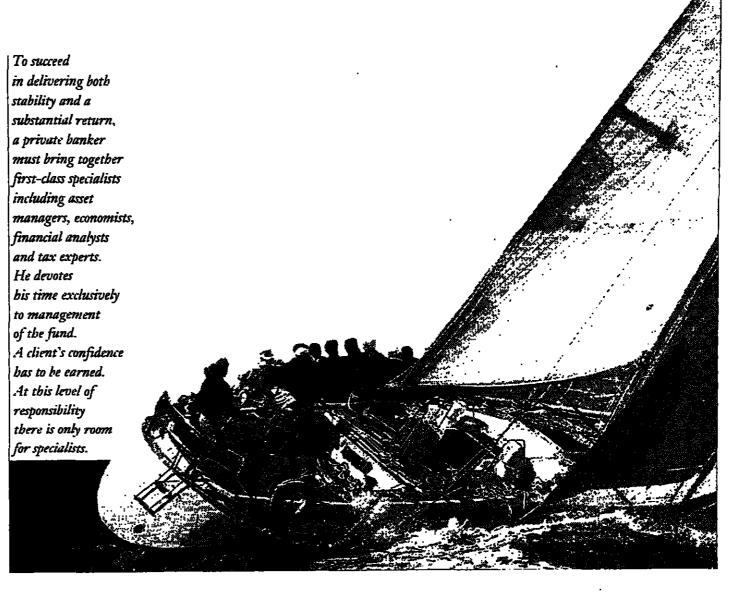
Ombudsman, 70 Gray's Inn Road, London WCIX 8NB (071-404 9944); Building Societ-ies' Ombudsman 35-37 Grosthe survey. Of the 31 wills drawn up by them, six were deemed good and 20 reasonable, but five were poor. Quality of service can vary considerably and is not always

What happens if you don't make a will?



NEW INVESTMENT TRUST LAUNCHES de Zoete & Bevan 1:5 100 n/a 100p 96.5p £5.000 1.25 A Jersey-based, London-listed fund, airned mainly at institutions but which may appeal to larger private investors Fidelity Special Valu Fidelity (0900 414161) New twin for Fidelity's Special Situations unit trust, run by Anthony Bolton ■ Lezard Stewers Lazard Investors (07: 614 3065) Greig Middleton 1:5 50m 3% Yes Investing in real emerging markets - India, China, Brazil, Hungary etc - not "gateways" like Hong Kong or Vienna E Prolific Income ProMic (0800) 998855) ent strategy to existing Prolific High Income unit trust, ranked 30th of 94 funds over five years **NEW UNIT TRUST LAUNCHES** # Titoey UK Smaller Co Tilner (051 471 4131) UK Smaller Cos 1.7 Yes Yes 5.00 1.25 No 500 5.00 1.25 No 500 Yes; 5/10/94-25/10/94 The first unit trust launched by this stockbroker fund management group, Tilney manages a high-performing smaller companies pension fund ent Trust Portfelio Trust 2 Yes Yes 5.75 1.5 No 2,500 5.75 1.75 No 2,500 Yes* 7/10/94-27/10/94 Unit trust investing in a wide range of UK and overseas investment trusts, with a 5 per cent annual withdrawal facility 1 percentage point discount on investments over (5,000; 1.5 over £10,000, 2 over £20,000, and 2 over £50,000 M&G (071 626 4588) M&G's second fund of funds, this one concentrates on long-term growth. It is also the second M&G no-initial-charge Pep " Withdrawal charges on a sliding scale from 4.5 per cent in the first year down to 0 after the end of the fifth year

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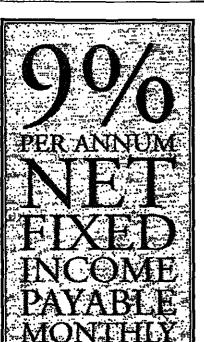
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N.B. Levels and bases of tax could change. The return quoted is correct at the time of going to press and assumes a full return of capital.

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FINANCE AND THE FAMILY

When 'top rate' means 45%

David Cohen reveals how changes to the treatment of dividends are driving up tax bills

sk the Inland Revenue and it will tell you that the top rate of income tax is 40 per cent. The truth, however, is that some taxpayers now face a marginal rate of 45 per cent because of last year's changes to the tax treatment of dividends.

Every dividend cheque is accompanied by a voucher giving a tax credit. On April 6 1993, the value of this credit was cut from 25 to 20 per cent of the gross payment. So, someone receiving an £80 dividend now gets a £20 credit, which is 20 per cent of £100 (the dividend and credit combined).

Table 1 £3,000 salary @ 20% £13,000 salary @ 25% 2800 ಚ,250 £7,700 (bal basic rate band dividend @ 20% 24,300 div @ 40% ٤1,720 27,110

Basic-rate taxpayers have been protected against the impact of this change. They are now taxable at only 20 per cent on their dividend income so the 20 per cent credit still takes full care of their liability. But 40 per cent taxpayers have lost out. They are stuck with the reduced credit - without the benefit of a lower tax band. The 45 per cent crunch

comes for those individuals in the higher-rate bracket who have a mix of dividends and other sources of income. The dividends will be treated as the top slice when calculating overall liability. Hence, the benefit of the special 20 per cent dividend rate will be available only to the extent that the basic-rate band has not been absorbed by the indi-vidual's non-dividend income.

Any increase in such income will, therefore, catapult an equivalent amount of dividend income from 20 per cent straight up to 40 per cent.

Take Ezra, whose income comprises a £16,000 salary and

Table 2 €3,000 salary № 20% €18,000 salary № 25% € €2,700 (bal basic rate band) €4,500 dividend @ 20% £3,720 £9,300 dlv @ 40% £9,360 Total

sonal allowances, his tax liabilities will be as set out in Table 1. Table 2 shows the impact of a £5,000 salary increase. Additional tax of £2,250 is 45 per cent of the extra income. Having identified this trap.

£12,000 dividends. Ignoring per-

what can taxpayers do to avoid it? Many will have little or no influence over their income level, and an employee offered

a pay rise is hardly likely to turn it down because it will be taxable at 45 per cent.

Nevertheless, those with more flexible arrangements often will be able to take avoiding action. Owner-managers of private companies, for instance, can keep the 45 per cent threat at bay by paying themselves extra dividends in lieu of salary increases.

Equally, husbands and wives can swap ownership of income-producing assets if one is a potential 45 per cent payer and the other is not.

■ David Cohen is a partner in the City law firm of Paisner &

I have noted your periodic advice about establishing losses on shares of negligible value; however, I assume this applies only to quoted shares. What is the position, please, concerning unquoted shares? ■ There is no difference in principle between quoted shares (or shares which had been quoted before the price collapsed) and shares which

The difference in practice is merely that it is usually easier for a shareholder to establish the facts for a public company, without having to submit documentary evidence of the shareholding's negligible value.

have never had a quotation.

The day, not the date

I anderstand that shares in Rosehaugh plc were suspended about 18 months ago but my inspector seems unable to agree a date on which they become negligible value. For indexation of capital gains loss, it is important that they be so declared before November 1993. Have you any information?

■ Your letter is based upon a misapprehension: it is irrelevant, for indexation loss purposes, whether "they be so declared before November [30] 1993". It is the day on which your negligible-value claim is made that is important.

If it is made after November 29 1993 but before April 6 1995, indexation-loss relief will be due (up to the £10,000 limit for

uote . . . unquote

1993-94 and 1994-95 together) either statutorily, if you make a statutory claim under section 24(2) of the Taxation of Chargeable Gains Act 1992, or extrastatutorily, if you make a claim under extra-statutory concession D28 (Asset of negligible value) as revised on May 31 this year.

Ask your tax office for a copy of D28, which should help to clarify the position.

No pay slips from employer I have been in my first job for 2½ years and I am paid weekly

by cheque with no supporting documentation. I have recently become aware that my employer should provide pay slips showing gross pay, deductions and

net pay. My employer says I am not on pay-as-you-earn, so no deductions have been made for income tax or National Insurance and I have, unwittingly, become liable for arrears. What steps should I take to regularise my position?

■ It could be that your pay is below the National Insurance and Paye thresholds, in which case you have nothing to worry about. But we suggest you talk things over with, say, someone at a Citizens Advice

Making money from options

I am considering dipping a toe in the traded options market with a view to increasing the returns from my equity invest-

(c) Selling a put option which is assigned. The net pre-

No legal responsibility can be accepted by the Principal Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

1. What is the tax position in relation to the selling of "puts

BRIEFCASE

and covered calls"? 2. Is the profit from buying puts and calls classed as capital gains?

3. Can the losses sustained be set against capital gains for

■ We take it you are talking about LIFFE equity options only. (If we are wrong in this assumption, please come back to us with details of the precise traded options in which you are interested, because the tax rules for some traded options are different from those outlined below).

The answer to both questions 2 and question 3 is yes. As for question 1:

(a) Selling an option which expires unassigned. The net premium received is treated as a capital gain which arose on the day the option was sold. (There is no indexation relief). (b) Selling an option and

making a closing purchase. as a capital gain or an allowable loss which arose on the day on which the option was sold. (There is no indexation

mium received is treated as reducing the cost of the shares put. (Indexation relief on the eventual sale of the shares put is calculated on this reduced cost; the shares put are treated as having been bought on the day on which you are given notice of assignment).

(d) Selling a call option which is assigned. The net pre-mium received is treated as part of the proceeds of sale of the shares called. (Any indexation relief on the cost of the shares called is calculated up to the day on which the notice of assignment is given, and the consequent capital gain is

treated as arising on that day. If there is an allowable loss, there is no indexation relief, of course, but transitional relief (up to the £10,000 limit for 1993-94 and 1994-95 together) would be available for notices of assignment given before

April 6 1995). Ask your broker, or LIFFE's publications department, for the free Private Investor's Guide to the Taxation of LIFFE **Equity Options, (It was written** after publication of the Finance Bill last January, but before the CGT rules were amended at the report stage in

Random and arbitrary?

As an investing member of several building societies, I account had not been open for two years, I would lose out on rewards or advantages that depositors (rather than shareholders) would get.

I have received a letter from the Cheltenham and

Gloucester building society telling me that, as my share account was not open by December 31 1992, I shall not qualify legally for payment in the distribution of the £1.8bn cash bid from Lloyds Bank. On the other hand, depositors qualify if their accounts were opened by March 31 1994. This appears to me to be a random and arbitrary decision.

■ The letter from the C&G resulted from a High Court action interpreting the legislation regarding take-overs of building societies.

The decision to restrict payments to those who have been with the society for a minimum of two years is not without precedent and is certainly

not random and arbitrary. You might wish to know that the C&G has opened a telephone help-line which can be contacted on 03-15-889 900 from 9am to 5pm Mondays to Fridays, and 9-1 on Saturdays. (Reply by Barry Stillerman of Stoy Hayward).

CGT need not be paid

Where a holding of shares included in a person's estate shows a considerable capital gain, is this deducted from the value of the shares (less exemption £5,800) for inheritance tax purposes?

Alternatively, if the shares are willed to a beneficiary, is the liability for CGT also transferred?

The answer to both questions is no. Capital gains tax on death was abolished in 1971 (although there is an income

tax charge on death in respect of those types of capital gain which are treated as income). Ask your tax office for the free leaflet IR45 (What happens when someone dies).

Back with a bang

of Confederation UK Holdings plc by Sur Life of Canada has received regulatory approval, Confederation Bank makes a return to the Highest Rates table with its market-leading Tessa (taxexempt special savings account) of 9 per cent, fixed

Building societies are slowly filtering increases through to their savers. Cheltenham & Gloucester is the largest society to announce new rates so far, with increases of up to 0.4

Northern Rock has re-opened its Go Direct account. Although the account must be opened by post, cheques may be deposited and withdrawn from branches after that. Fixed rates continue to be in

favour. Leeds and Newcastle have both launched new fixed products. Norwich and Peterborough has increased rates on all its fixed products; it now pays up to 8.55 per cent on a three-year bond. The market leader for three years remains Coventry at 9.10 per

For those requiring gross interest, rates offshore are also slowly increasing on ordinary accounts. The majority of banks have increased rates but the only building society subsidiary to increase has been C&G Channel Islands Ltd. Confederation Bank (Jersey) Ltd returns with its Flexible Investment account. Guaranteed income bonds

also continue a gradual rise. Eurolife went up to 7.75 per cent on a five-year bond to lead this week, only to be leap-frogged by Laurentian Life paying 7.85 per cent and then by Liberty Life, with rates up to 8.25 per cent (10.31 per cent to a basic-rate taxpayer) at

Christine Bayllss. Moneyfacts

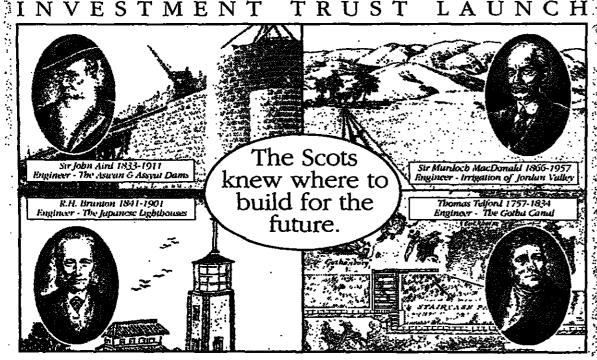
HIGHEST RATES FOR YOUR MONEY										
	Account	Telephone	Notice/ term	Minimum deposit	Rate %	int. pak				
ENSTANT ACCESS A/cs										
Portman BS	Instant Access	0202 292444	Instant	£500	5.00%	Y				
Manchester BS	Money-by-Mail	061 839 5545	Postal	21,000	5.80%	Ŋ				
Skipton BS Northern Rock BS	3 High Street Go Direct	0756 700511 0600 505000	Instant Instant	£2,000 £20,000	6.10% 6.50%	Yly Yly				
NOTICE A/es and BONDS						<u></u>				
Bradford & Bingley	Direct Notice	0345 248248	300ay(P)	£1,000	8.15%	Уђ				
Northern Rock BS	Postal 60	0500 505000	60Day(P)	£10,000	6.75%	Yly				
Jriversal BS -	1 Yr High Option	091 232 0973	90Day	210,000	7.00%	Yly				
Coveritry BS	Fixed Rate Bond	0800 126125	31.8.97	25,000	9.10%F	Yly				
MONTHLY INTEREST										
Sritannia BS	Capital Trust	0538 391741	Postal	£2,000	5.37%	May				
Bradford & Bingley BS Northern Rock BS	Direct Notice Postal 60	0345 248248 0500 505000	30Day(P) 60 Day	£10,000 £2,500	6.45% 6.17%	May May				
Coventry BS	Pixed Rate Bond	0800 126125	31.8.97	12,500 25,000	8.70%F	Mily Mily				
TESSAs (Tax Pree)										
Confederation Bank		0438 744500	5 Year	28,900	9.00%F	YN				
Aarket Harborough BS		0858 463244	5 Year	£9,000	7.60%	Y				
Cheshire BS		0800 243278	5 Year	٤٦	7.40%	ΥŊ				
Tipton & Coseley BS		021 557 2551	5 Year	£1	7.35%	Yly				
RGH INTEREST CHEQUE A/C										
Voolwich BS Halifax BS	Current	0800 400900	Instant	£500	3.50%	Yly				
nanax 65 Chelsea BS	Asset Reserve Classic Postal	0422 335333 0800 717515	instant Instant	25,000	4.50% 5.75%	Cily Yiy				
NIDGGE OC	CARROLL FUSILE	0000 / 1/515	menant	£2,500 £25,000	6.00%	Ϋ́Υ				
OFFSHORE ACCOUNTS (Gross	<u> </u>					<u>_</u>				
Woolwich Guernsey Ltd	International	0481 715735	instant	2500	5.75%	Yly				
Confederation Bank Jrsy	Plex lov	0534 608060	60 Day	210,000	6.30%	Y ₂ Yiy				
lailfax BS	5-45-			250,000	7.00%	y ₂ Y ₃ y				
	Fixed Rate	0534 59840	3 Year	£10,000	8,10%F	Yly				
WARANTEED INCOME BONDS (N	<u> </u>									
AIG L ife AIG L ife		081 680 7172	1 Year	\$20,000	5.60%F	Yly				
aurentian Life		081 680 7172 0452 371371	2 Year	\$20,000	6.40%F	Yly Yly				
Seneral Portfolio		0279 482839	3 Year 4 Year	£10,000 £5,000	7,15%F 7,00%F	Yly				
Eurolife		071 454 0105	5 Year	250,000	8.30%F	γtγ				
KATIONAL SAVENGS A/Cs & BONE	S (Gross)									
	Investment A/C		1 Month	530	5.25%G	Yly				
	Income Bonds		3 Month	\$2,000	6.50%H	May				
	Capital Bonds I First Option Bond		5 Year	2100	7.75%F	AA. Orj				
	Pensioners GIB 2		12 Month 5 Year	£1,000 £500	6,40%Fl 7,50%F	Magy				
NAT SAVINGS CERTIFICATES (Tax	Free					<u>ئىـــ</u>				
	42nd Issue		5 Year	2100	5.85%F	OM				
	8th Index Linked		5 Year	£100	3.00%F	OM				
					+lnfin					

This table covers major banks and building societies only. All rates (except those under heading Guaranteed income Bonds) are shown gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. F= By Post only. G= 5.75 per cent on £500; 6 per cent on £55,000 and above. H= 6.75 per cent on £50,000 and above. Source: MONEYFACTS, Laundry Loke, North Walshem. Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500665. Figures compiled on: 6 October 1994

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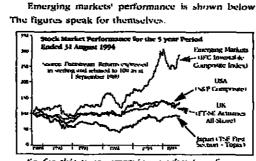
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Minding Your Own Business

Shooting in the heat of battle

the only television cameraman to get frontline film of the allied advance in the Gulf War. He posed as an officer taking pictures for the British army, sat undetected while officers were warned about an unauthorised intruder, then left to hitch a lift with US troops, claiming they had crashed into his Land Rover.

Smith is a former captain in the Grenadier Guards. His Gulf War earnings enabled him to finance the development of Frontline News TV, which started out as a cameramen's co-operative and has provided much of the world's TV coverage of Bosnia, Somalia and ывепа.

Its scoops include Rory Peck's Gulf War pictures of a missile-hit air-raid shelter in Baghdad, and the story of UN soldiers in Sarajevo trading on the black market and buying people's few belongings.

Eighteen months before the Gulf war, Smith, who used to fly microlight aircraft, went to Pakistan to represent a company that made the aircraft and joined a camera crew accompanying the BBC's John Simpson over the mountains to Kabul. The other members of the crew were Peck and Peter Jouvenal, a former soldier, on the trip they discussed setting up a company. The following year, after the Romanian revolution, they set up the Hard News group, later renamed Frontline News TV, with Nick della Casa and Tim Weaver.

Freelance cameramen may take exciting pictures but they struggle to sell them. For individuals the problem is making themselves known to TV com-

"It's hard to do enough for

Smith.

Freelances rarely figure in the credits at the end of TV programmes. Companies normally try to disguise the fact that they are using non staff pictures. The idea of Frontline was to establish a name which companies would remember.

Smith ran the group from his London home and cycled round TV offices delivering material. The first year was difficult. The group had a £50,000 turnover but did not make money.

Smith's Gulf earnings enabled him to buy computers,

David Spark talks to a cameraman who specialises in frontline film

set up a data base of clients and sales, and improve the presentation of material to TV executives. He also spent £50,000 on an editing suite. which saved money and time. Annual turnover rose to

Towards the end of 1991, Anna Roberts, a journalist and producer, joined the group to market the cameraman's material and built the number of TV clients to 70. Roberts became a camerawoman and producer and, in early 1993, Frontline hired first Susannah organise sales, seek contracts and run the office. Annual turnover has reached £400,000, partly because the cameramen became better at choosing what to do and doing it, partly

because of work in Bosnia. The Frontline group was

them to remember you," says among the first users of Hi8 home video cameras for TV instead of the heavy and expensive Betacam. "People picked up Hi8s and went to war zones and came back with footage that sold," says Smith.

> BBC World Service TV. After the Gulf War, della Casa was murdered by his guide in Kurdistan. Weaver left the group to work on his own. Peck also left to set up an office in Moscow. He was killed in the battle at the TV station when the Russian parliament

Hi8s have become standard on

challenged Boris Yeltsin. Last May, Smith and Jou-venal changed Frontline News into a limited company, with five share or share-option holders, all camera-people who work almost exclusively for Frontline. The aim is to keep ownership in the hands of the people who do the work.

Camera-people working with Frontline take responsibility for themselves and their equipment and pay Frontline a commission. They may offer features lasting six to 12 minutes to TV companies; or they may go overseas as camera crew for the networks. Smith says: "We have a reputation for war coverage and getting to places that are difficult to get to."

To attract networks, a freelance group has to be cheaper than a staff crew and yet also meet its running costs from within its fee. "That means being highly competitive and motivated. The very fact we and motivation."

A BBC cameraman in Bosnia goes to war in an armoured car. Frontline cannot afford that. Its people probably stay with a family in Sarajevo for \$20 (£12.60) a night, instead of paying \$80 at the Holiday Inn.

FT Ski Expedition The little resort on Alloway Street

Arnie Wilson visits Mount Dobson in New Zealand

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expe-

t 5.30 in the morning, No 30 Altoway Street, Fairlie, can be resemble Nightmare on Elm Street. Facsimile machines suddenly whir automatically, sending messages to all corners of New Zealand's South Island. Telephones ring. Answering machines are triggered all over the house.

At 6 am, a cuckoo clock cuckoos maniacally. The answer machine message echoes down the corridor: "Conditions above the valley cloud are clear and calm. All facilities are operating. There are 2 cm of new snow on a 2.3-metre base. The main runs are groomed, and there's excellent skiing on packed powder. Chains are required today."

It is the start of another day in the life of Mount Dobson ski resort, south-west of Christchurch in the Southern Alps. Peter and Shirley Foote pre-fer to start their hectic day from base camp rather than at 5,500 ft. Shirley records two messages every morning in her nightie and triggers the fax machine on its helter-skelter visit to various radio and television stations, sports shops,

hotels and lodges. Peter organises staff on the mountains via a short-wave radio and then readies himself for the 15-mile journey there. (While he is doing this, the cuckoo clock - a present from a German coach driver who escorted them on a whis-tle-stop tour of Europe recently

cuckoos seven times). Few people run ski resorts from their front room, and even fewer simply go out and build their own resort on a virginal mountain. The Footes did it the hard way 15 years ago. becoming involved in a bitter battle with bureaucracy. "It took us three years just

Facts and Figures

September statistics

Miles skied: 283 (Total since January 1: 2,572) Vertical feet: 320,985 (Total: 2,900,190) Vertical miles: 61 (Total: 552) Miles driven: 2,208 (Total: 25.662) Miles flown: 1,692 (Total: 60,823 Mileage (all means of transport): 3,957 (Total: 90,913)

Resorts visited so far: 198. (US: 50; Canada: 13; Austria: 32; France: 24; Switzerland: 23; Italy: 11; Germany: 1; Chile: 10; Argentina: 6; Australia: 12; New Zealand: 11; Japan: 4; India: 1)

Resorts skied in September: 17

Australia: Mount Hotham; Falls Creek; Thredbo; Perisher Valley; Smiggin Holes; Charlotte Pass; Blue Cow; Guthega. New Zealand: Mount Hutt; Trable Cone; Cardrona; The Remark-ables; Wanaka (Harris Mountains Helf-Skiing): Coronat Peak; Awakino; Ohau; Mount Cook (Tasman Glacier).

Expedition sponsors Ski the Summit, Colorado; Hewlett-Packard; Avis; American Airlines; Air New Zealand; Snow+Rock; Fogg Travel Insurance; Luhta; Degré 7; Champagne Mercler; Ctarins.

to build the road," says Foote. "They wanted us to build more and more culverts. We ended up building 70. Every time we acquiesced over something. they came back with more red tape. We had to take it. It was either just walk away, leaving the resort half-built, or keep on

"Luckily, there were a lot of people who wanted us to succeed as much as the local authorities wanted us to fail. Our solicitors, bank manager and the contractors all said they would wait for their

battling.

The result is one of the best privately-owned ski fields in New Zealand. It is on good powder days that it really comes into its own. After some unsettled weather, we were due for a good day. We got it at Mt Dobson, our 200th ski area of the expedition.

Higher than many of New Zealand's ski fields, the ungroomed terrain can stav

trudged to the very top of the mountain from the highest lift and were greeted with aston-

Spread all around us, in a gigantic arc, was the cream of the Southern Alps - reputedly more wide-ranging than those in Europe - and with Mt Cook

dominating the skyline.
At the end of a magnificent day we skied down the front face of Mt Dobson, which gave us 3.500 vertical feet of non-stop powder. It was the kind of run you dream about: turn after effortless turn, with no end in sight and no need to change direction. Just straight down forever.

We felt guilty about those 70 conduits, all built by hand by the Footes. Red tape or not, without them we would have missed one of the most exhilarating descents of our nine months on skis. For each conduit, we had the satisfaction of at least 110 exquisite turns.

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Smith stresses, however,

that freelances play an impor-tant role because of their free-

dom from head office. "We can

do what most broadcasters

sometimes don't do, because

For example, he could get frontline pictures of the Gulf

because he was outside the

deal between editors and the

British Army. Other journal-

ists could have broken the

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FINANCIALTIMES

The bionic knee-cap

Continued from Page I

potentially more far-reaching in its implications. Already, electronic devices are beginning to give some hearing to the deaf and movement to the severely disabled. Doctors have most experi-

ence with the "cochlear implant", fitted surgically into the bone behind the ear. It converts digitised sounds, transmitted from a small external microphone, into electrical signals which stimulate the auditory nerves inside the ear. These send impulses to the brain, which interprets them as crude sounds.

Lord Ashley, the UK's best-known campaigner for the deaf, brought the technology to public attention in Britain last year when he received a cochlear implant. He spoke movingly of being able to hear his family again after 25 years of silence. "I can best describe what I hear as being like listening to a croaking Dalek with laryngitis," Ashley said. "but compared with total deafness it is a miracle."

Devices to restore some hand movement to quadriplegic patients with broken backs or

sity in Ohio. The system relies on the fact that most quadri-plegics can shrug their shoulders slightly. The movement controls a joy-stick which transmits signals to an electronic unit under the wheelchair. This activates a stimulator about the size of a heart pacemaker, implanted in the shoulder, which sends electrical impulses down the arm to

the paralysed hand muscles. The experimental hand grasp system does not restore full finger movements but it has enabled a dozen patients in the US to write, brush their hair and teeth, hold a telephone, sew and paint. Now surgeons at Salisbury District Hospital are preparing to test the sys-

tem in the UK. The only vital organ for which medical technology cannot yet offer any assistance is the brain. Even that is only a matter of time. Humphreys predicts that within 50 years it will be possible to implant memory chips to boost our fail-ing intellectual faculties.

"If we can design an interface between silicon chips and brain cells, the first step will

we would like the brain not to notice the implant and to treat it as another piece of brain tissue. Then we could get the brain to record information on the silicon chip and read it when necessary."

Although Humphreys is more willing than his cautious colleagues to speculate publicly about the future of biomedical technology, many scientists would regard his vision would see brain-boosting implants - whether to extend human intelligence or to treat diseases such as Alzheimer's -

a sci-fi nightmare. There is an interesting paradox here. As medical scientists add increasingly sophisticated implants to people, so robotics researchers will be giving machines the mental and even anatomical features of humans. During the coming Bionic Age, the distinction between human beings with implants and humanised

ingly blurred.

necks are being developed at Case Western Reserve University in Ohio. The system relies be a pre-programmed chip which the brain could read," the brain could read," which the brain could read, "Ultimately the brain could read," the brain could read, "I which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could read, "I would be a pre-programmed chip which the brain could read," the brain could be a pre-programmed chip which the brain chip which th

as a reasonable extrapolation of current research. Most as a welcome development, not

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The Financial Times, One

Renaissance flowers again in Florence

Derek Wilson enjoys 20th century comfort in 16th century surroundings

or years, visitors to Florence have opted to by day and to give it a miss by night, preferring to sleep in comfort rather than rough it in some derelict 16th century palazzo without hot water. Change is afoot. You can now sleep the Renaissance as well as see it - and in comfort.

A small group of hoteliers has pioneered the restoration of Renaissance properties to make them suitable for the most choosy tourist. In so doing, they have resisted the cheap - and easy - path of whole-sale conversion of buildings which has been followed by all but a handful of the 359 hotels in Florence.

Four have chosen the hard way. In each case, family pride has been a principal reason. Encouragement, too, came from the Florence town council, which has a new policy aimed at making greater use of historic buildings.

All the emphasis in these four instances has been on re-creating the physical setting of the Renaissance, with less regard for other matters such as food. Only one, in fact, has a restaurant, although all four provide lavish breakfasts.

The most spectacular is Torre di Bellosguardo, a big, sturdy 16th century villa on a hill beyond the Arno.
"I simply wanted to save the place," says Amerigo Franchetti, the owner. He says that 180 day-school pupils used to arrive at 8am and wreak destruction. "I had to get rid of them. In another five years they would have wrecked the lot."

The core of the hotel is a stumpy tower built perhaps as a hunting lodge before 1300 by Guido Cavalcanti, poet of courtly love, and a friend of Dante. Later confiscated from the Medici, it passed to the

land-owning Roti Michelozzi family who much later ceded it to Fran-

chetti's romantic grandmother.
"She was a German from Munich
called Marion Hornstein. She took one look at this place and decided it was the abode of her dreams and all that rot," says the owner. "She mar-ried an Italian. Then my father told her one day in 1913; 'If you like this place so much, here's the money He'd married into the Rothschilds Paris branch. When she died in 1948, the family let it to finishing schools, then to that terrible day-

The restorers took 10 years. Already the high façade is peeling, but inside the building wallows in space: a mirror of spartan Tuscan luxury. Reception is a table in a great hall-room frescoed by one Bernardino Poccetti, a prolific 16th century hack. The music-room boasts a fine sculpted chimney-piece and is bare; a stone ramp does for stairs; canopied beds, sticks of medieval furniture and coats-of-arms in huge rooms complete the feeling, as do aged carpets.

Frigo-bars and TV sets have been banned and superb bathrooms are ingeniously dissimulated. Concealing the swimming-pool in gardens ablaze with flowers proved a

A friend of Franchetti's, Rodolfo Budini Gattai, runs what was a guest-house for clerics built in 1518. Discreetly tucked away under the arches of the very central Piazza della Santissima Annunziata, this is the Loggiato dei Serviti. It faces Brunelleschi's Spedale degli Innocenti, the foundlings' hospital, and was included in the matching portico designed by Antonio da San-

The fathers kept their lodgings for visiting prelates. They were



clearly well-heeled since the rooms are commodious chambers: you wake up to Tuscan coffered ceilings and loffy ribbed vaulting.

"My family bought the Loggiato in 1870 after the confiscation of church property", says Gattai. "At first it was rented out as flats, but in 1924 my grandmother's coachman was allowed to open a hoarding-house here. Well, he mar-ried an Irish lady, one Katherine Doyle, and in the 1930s their pensione was popular with the English and Irish. I and my brothers took over in 1984. We wanted to resurrect the original." The most stylish of the four is the

Monna Lisa in nearby Borgo Pinti -a superbly preserved 15th century patrician dwelling set around a small courtyard with a garden in the back. The dominant artist on display is Giovanni Dupre, a 19th century Sienese sculptor whose descendents own the place. Oslavia Ciardi Dupre bought out the Marzichi-Lenzi family, its owners for generations, in 1956.

At the Monna Lisa, Florentine good taste comes with a touch of clutter: there is Dupre family treasure scattered about, including five centuries' of furniture and a plaster model by Giambologna for his Rape of the Sabines in Piazza della Signoria. There is a tasteful restaurant

amid pillars and pictures Cheaper is the oddly-named Aprile, near the station. It is as Renaissance as they come, a pugnacious three-storey clan fortress with huge eaves and no nonsense. Once known as the Palazzo dei Medici, and then as Palazzo del Borgo, this is a warren of a place with a lived in feel to it. The old structure survives intact, bumps, wasted

snace, crannies and all, each one deftly exploited.

"My family has been there since 1815," says Marcella Ascoli-Bollaffi. "We were textile merchants. I was born there and my mother stayed on until the '50s." Why Aprile? "Oh, I was young and silly and when we let it to the Cantini Zucconi family 40 years ago, I let them call it after the month they moved in. I've

regretted it ever since." Torre di Bellosguardo: Via Roti Michelozzi 2. 50124 Firenze, Tel: (055)-2298145; fax: (055)-229008; 15 rooms: single: L230,000-L250,000;

double: L300,000-L330,000: suite: Hotel Loggiato del Serviti. Piazza SS annunziata 3. 50122 Firenze. Tel: (055)-289592; fax: (055)-289595; 29 rooms: single; L110,000-140,000; double: L170,000-L210,000.

Hotel Monna Lisa. Borgo Pinti 27, 50121 Firenze. Tel: (055)-247951; fax: (055)-24797550; 34 rooms: single: L150,000-L200,000; double: L230,000-

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Pink Snow

The FT's annual guide to skiing will be published on Saturday 15th October this year.

Filled with reviews of the worlds best resorts by globe trotting Arnie Wilson, together with the results of the F.T. readers' ski survey, Pink Snow will be invaluable to everyone considering taking to the slopes in 94/95.

Don't forget to pick up your copy, free with the Weekend FT on 15th October.

Moules and masterpieces

Susan Moore worships at the altars of art and food in Bruges

Van Eyck, brush and palette in one hand and beloved bagpipe by his side, presides over the small square by our

We breakfast on strawberries piled in blue and white bowls lifted out of a 17th century still life, marvel at Michelangelo, take deep draughts of Memling and blond beer tasting like nectar, and dine robustly in the house of the Renaissance painter Pieter Pourbus.

From day one it is clear that Bruges is a place to worship at the twin altars of high art and

the soon-to-expand stomach.

For this is a city where moules comes by the four-litre pan, extra frites are offered as a matter of course, and every cup of coffee comes accompanied by a chocolate. And Bruges at table is so like Bruges in the

Streetscapes of canals and

crow-stepped gables have earned it the reputation of the Venice of the North, but there is none of the Serenissima's faded splendour or aristocratic hauteur. Bruges is unasham-edly bourgeois: prosperous, spic and span and polite. In this heavily restored Venice. there are no surly waiters or good food only if you know where to find it. Here geraniums in window boxes adorn even the inside of canal walls. Bruges is as pretty as any picture and, oddly enough, comparably two-dimensional Like its alter ego, it is awash with tourists in season but, unlike it, there seems no escape from the crowds or the lace shops. Strolling along cobbled streets past ornate, oncemedieval public buildings and soft domestic red brick, it seems a city of facades but few interiors. It almost would not

surprise me to discover that the whole place was an inge-niously constructed film-set. There are, however, at least three glorious places of refuge. The spartan interior of the Onze Lieve Vrouwekerk - more familiarly Notre Dame, but here Flemish, even English, is preferred to French - boasts the sumptuous gilt-bronze Renais-

sance mausoleums of Charles

the Bold and his daughter

Mary of Burgundy; visible

larger than life Jan beneath them, thanks to judiciously placed mirrors, their original narrow tombs. gauchely painted red and black like early wood cuts.

Here, too, is the Michelangelo, a pensive marble Madonna seated on a rock, the standing Christ-child, eyes cast down, nestling between her legs and clasping his mother's left hand. Her mournful sadness is heart-rending.

The sculpture was made for Siena Cathedral but sold instead to the Mouscron family of Bruges. We were not supposed to view it head on, as currently aligned - the evidence is the cut of the marble. Stand way to the left to see it at its best.

St James's Church was the original location for the Moreel altarpiece by the far from "Primitive" Hans Memling, 2 triptych which not only includes portraits of the donor Willem Moreel and his wife but their five sons and 11 daugh-

Memling is the city's great-est adoptive son who left his native Rhineland to pursue a lucrative career in cosmopolitan Bruges in 1465. St John's Hospital, now the Memling Museum, still lays claim to handful of his masterpieces.

The Groeningemuseum (which is host to a major Memling exhibition, until November 15) also boasts Jan Van Eyck's wondrous "Virgin and Child with Canon van der Paele". But then, one of the great advantages of visiting Bruges is that Chent is only 20 minutes away by train. There. in St Baaf's Cathedral, locked in bullet, earthquake and everything-proof glass is Jan and Hubert Van Eyck's "Ado ration of the Mystic Lamb the most sublime evocation of heavenly paradise ever painted. That was our ambre sial lunch, and there was plenty of time to get back

before dinner. The author travelled from Ramsgate to Ostend by Sally Lines jetfoil (reservations 0843-595522) and stayed at the 18th century Relais Oud-buils Amsterdam in Bruges (tel: 050-34 18 10). The crossing takes 1hr 40 mins. The train direct from the port of Ostend

FOOD AND DRINK

n my experience, the more wine expertise someone claims, the less they generally have. Only a beginner would claim to know a lot about wine; those of us who have spent a couple of decades immersed in the subject are only too painfully aware of how much more there is

People with a little wine knowledge tend to wear it heavily. My heart always sinks, for instance, when someone begins a conversation with "In my cellar...". It is difficult enough to make a discussion about the wine in your glass interesting, let alone one about someone else's firmly corked bot-

I sympathise, therefore, with anyone required to entertain those who claim to know something about wine. Will the choice of bottles reveal one as an irredeemable apskate or vinous lowbrow?

As so often, the solution is not necessarily to throw money at the problem. Very, very few wine merchants' most expensive bottles are anything like ready to drink (exceptions include: Reid Wines, of Hallatrow, near Bristol; La Vigneronne of London W7; and Butlers Wine Cellar, of Brighton, Sussex).

The answer is to show flair,

Entertaining at home

Wineupmanship: beating the bores

Jancis Robinson on safe bottles for the pickiest of dinner guests

choosing some hot, new (or

revived) wine types.

The insider's whistle-whetting aperitif, for example, is top quality Riesling, preferably a Mosel Kabi-nett from a quality-conscious producer (which is unlikely to cost much more than £7).

The VDP symbol on the label or

capsule is a shorthand way of identifying Germany's goodies, a very high proportion of which belong to the VDP group of superior estates. Merchants who take German wine seriously include: Oddbins, O W Loeb of London SE1; Philip Byres, of Amersham, Bucks; Har-court Fine Wines, of London W1; Adnams, of Southwold, Suffolk; Summerlee Wines, of Earls Barton. Northamptonshire (0604-810488);

Lay & Wheeler, of Colchester, Essex; and The Wine Society, of renage, Herts. Acceptable alternatives include one of the host of Australian Ries-

lings now being shipped, faute de Chardonnay, to the UK or a dry Riesling from Alsace. Lea & Sandeman, of London SW10, has the superb wines of Marcel Deiss, and Wine Rack stores have made a particularly diligent selection.

One clever dry, fuller-bodied white and one red should be enough for most meals - although you could always demonstrate your savoir boire by serving a sweet wine with the cheese such as a Moelleux version of Jurançon or Pacherenc de Vic Bilh, an Italian Moscato with an alcohol of at least 12 per cent, or even (très chic) an Austrian Beerenauslese (try Noel Young of Trumpington, Cambridgeshire, for the fabulous wines of Kracher). Chardonnay-based wines dominate dinner tables the world over.

from Bottoms Up and Wine Rack is much meatier than most, and few rines are more outré than Guffens Ardèche 'Fruits Defendus' oddity which is not allowed to call itself Viognier but fetches £8.13 at Lay-Much more distinguished at the moment are full, dry whites based on Rhône Valley varieties. Viognier tons of London NW1 (and try André is so sought after it is almost passé.

A more gifted choice would be a

Rostaing's 1992 version at £9.99

well-made wine based on one or both of the white Hermitage grapes Marsanne or Roussanne.

Ch de Beaucastel of Châteauneufdu-Pape has produced an exciting old-vine Roussanne for years now. A more inspired choice might be the intriguingly packaged Sophiste, from Bonny Doon, of California. This blend of Marsanne and Roussanne has the elegance that so much white Hermitage lacks and the 1993 vintage is expected soon by Morris & Verdin at their new address in London SE1 (071-357 8866). It will be about \$17.50 a bottle - not cheap but a real

Another impressive Rhône Ranger white, as the Californians call them, is Jade Mountain's Marsanne/Viognier 1993, £9.90 from Morris & Verdin.

Rather less expensive but with an interesting tang is a white Minervois based on old Marsanne

Thresher Wine Shops/Wine Rack/ Bottoms Up have been selling for £4.99. Australia can also provide some Marsanne, which should usually be drunk as young as possible. Pioneer exporters of Victorian Marsanne were Ch Tahbilk and Mitchelton (chez Sainsbury's), the latter

vines, Ch de Violet 1993 which

Wine Rack also has an interestingly smoky, substantial, oak-aged Catalonian Malvoisie, probably the same grape variety as Sardinia's Torbato, at £6.49 a bottle.

now part of Petaluma's expanding

The red wine possibilities for stunning a wine bore are much wider. The Rhône can again pro-vide, particularly in the form of the less famous appellations. Crozes-Hermitage can now be a serious wine, from the cellars of the likes of Graillot and Belle (see Lay & Wheeler and Oddbins) or, another Rhône from Syrah grapes, you

could even buy the carthy red Brézème from Yapp Bros, of Mere, Wiltshire and confound with obscu-

rity.
But I would be inclined to head out of France altogether and pick an Italian plum from Winecellars of Wandsworth, London SW18 or Valvona & Crolla, of Edinburgh. The nice thing about Italian fanatics is that they advise while prose-

A fine Ribeira del Duero, such as Pesquera (from John Armit Wines, of London W11) would also impress with its demonstration of insider knowledge.

Both these wine styles need reasonably chewy, assertive food, however. If you are planning a subtler main course, a West Coast Pinot Noir from the particularly fine selection of The Wine Treasury of Fulham Road, London SW6 is guaranteed to delight.

They have such gorgeous California Pinot Noirs as Williams & Selyem (a tiny allocation), Olivet Lane and Kistler, and the extremely convincing Christom. regular and Reserve, from Oregon.

The Chilean Cono Sur regular Pinot Noir bottling at £4.49 from Oddbins and Safeway is less serious, but its quality should fascinate anyone with half an interest in

not waste time.

Eating out

First, catch your (Maine) lobster...

obsters, I decided sitting back one evening and surveying my shellstrewn, butter-spattered table at the Dolphin Marina Restaurant, are hard work. I should have guessed as much when they began handing out foulweather gear. Disposable plastic bibs are de rigueur for lobster-eaters in even the more sophisticated seafood establishments in America – in some places motherly waitresses

will tie them on for you. Then came the specialised equipment - the pincers for cracking claws, the long skewers for probing recessed corners, the bowls for rinsing. It was all new to me. I felt like

a trainee dentist. And what about the vast exper tise required? How much experience, how many botched jobs does it take before the seasoned lobstere can artfully dismember this com-plex little crustacean? I watched one man at the table beside me deftly remove the meat from his lobster's tail with one clean pull. There was hardly a drop of juice splattered on his bib. My own chest looked like a Jackson Pollock painting. You could have made Thermidor with what lay in my lap.

And is it, in the end, worth it? After the first bite I could only say yes, it most certainly is. But lobsters, sadly, do not come cheap. Here, on the Maine coast, home of what are said to be the best cold-water lobsters in the world, the poundand-a-half beast I had just consumed cost \$20. Try eating the same creature in some up-scale restaurant in a western European capital. though, and you might have to pay for it by instalments. All in all, I decided, the lobster-lover's lot is a

"Just about as tough eating a lobster as it is catching one," I remarked to the young waitress who, as I mopped melted butter from my eyebrows, had begun cleaning up the battlefield in front of me. It was only the happy prattle that comes after a good dinner, of course, but she seemed to take it

She looked at me, looked out the window at a wind-whipped sea and boats tossing at their moorings, then back at me again. "Get real, will ya?" she said.

I decided, the very next day, to get real. My waitress had been right much as I liked lobster, I hadn't the faintest idea of how easy or difficult it was to catch one. All I knew was

Nicholas Woodsworth's worthwhile struggle with steaming crustaceans

that they were lured into large crate-like traps. But no one visiting Casco Bay, east of Portland, could avoid knowing that; most people here make their living from lobstering and traps sit in every backyard and on every wharf in sight. It should not be too difficult, I thought, to get as close to a snapping live lobster as a steaming red

On Cook's wharf, 20 minutes drive from the Dolphin Restaurant on Orr's Island. I came across hundreds of lobsters scuttling about the bottom of a large holding tank. More importantly, I came across Ernest Hillman, the man who caught them, and the Francy Ellen, the 36-ft lobster-boat he caught them from.

Hillman was refuelling at the wharf's diesel pumps before head-ing out to pull up 400 traps he had laid in 80 separate strings two days before. I explained my interest in lobsters - not the ones already swimming in butter but those still

crawling about on the bottom of Harpswell Sound, the broad Casco Bay channel that stretched away in front of us. Could I come along, I asked? Why not, replied Hillman. he had something to tell me.

We shoved off with Hillman at the wheel and his two deckhands, Joe and Chris, sorting out cases of baitfish in the stern. A purposebuilt lobster-boat, the Francy Ellen carries a large tank of pump-circulated sea-water and a platform for traps on her aft deck; there is not much working space left over.

"Better ride with me in the wheelhouse", Hillman warned as we headed into the sound. "Once the ropes start paying out it gets kind of hairy back there - you get your foot caught in a coil of rope and all of a sudden you'll find yourself being dragged 80ft down on a string of traps. We lose one or two men that way every year." I rode, very happily, in the wheelhouse.

For a layman like me it was a perfect day; the wind of the previous evening had dropped and we cruised out into a sunny, calm, scintillatingly clear autumn morning In this weather the thousands of coloured lobster buoys that cluttered the sound – each one marking the beginning or end of a string of traps - stood out brightly against the deep blue water.

For a lobsterman like Hillman, though, the day was less than perfect. It was full moon, he explained, a phase that created huge tides ris-ing and falling more than 15 feet in Casco Bay. With strong currents like that running, he said, lobsters tend not to wander round in search of food but to stay put in holes and depressions on the floor.

We came to a floating buoy marking one of Hillman's strings. His buoys are black and orange, the other 30 or so lobstermen he fishes Harpswell Sound with having their own colour combinations. Nonetheless, with some 12,000 traps out in the sound, locating one's own dis-persed strings in this multi-coloured



maze - and not tangling them up with a neighbour's - requires a prodigious memory and skill.

The first string, as Hillman predicted, was disappointing. Winding the rope attached to his bouy around a hydraulic winch, he began hauling in his string of five traps. Each held three or four antennaweaving, tail-flapping, greeny-brown camouflaged lobsters; all but one, however, had to be thrown

"Too small", Hillman explained, measuring each carefully with a

Cookery/Philippa Davenport

brass lobster gauge. Take anything measuring less than 3% in from eye to end of body carapace and you loose your licence for three years. Take a female with eggs and you are in real trouble. For every 100 lobsters I catch I keep only about

As Hillman hauled traps, Joe rebaited them, sewing in two or three bait-fish carefully trussed in nylon mesh. While the quaint lobster pots of the past - knotted cord mounted on light frames of steamed wood - have long been replaced by

metal traps, the principle remains the same: lured by a decomposing fish, the victim makes his way through a progressively smaller aperture until once inside he cannot find his way out.

I began to understand Hillman's warning after Chris had all five rebaited traps lined up on the Franny Ellen's stern. As he threw the first one overboard Hillman hit the gas and 600 feet of rope and 75lb traps began paying out at high speed. When you have to haul anything up to 750 traps a day you do

As he worked, Hillman talked. He is the quintessential Yankee Downeaster ~ tough, resilient, enterprising and hard-working. He grew up on Casco Bay and began lobster-fishing when he was 12 years old. In the 1970s a hurricane sank his boat and he had to fight hard to get back into what is an expensive business - a lobster-boat these days costs upward of \$60,000, a single trap \$75. But Hillman loves boats and fish-

ing; they are only thing he knows. He surprised me, then, by asking if I wouldn't like to become the owner of the Franny Ellen and all the gear that goes with her. I would not even have to buy her. All I

would have to do was win her. Why? I asked. Six months ago, it turned out, a pile of lobster traps fell on Hillman, damaging his spine and injuring an arm. He is fast reaching the end of his trap-hauling days. When he put the Francu Ellen up for sale he received a number of offers from young fishermen, deckhands wanting to start up on their own. But lobster-fishing is a risky business: while some skippers are in the six-figure income bracket many more go bankrupt. None of Hillman's prospective buyers could come up with the bank loans they

Hillman's solution? He has set up an essay competition. If he can attract 2,000 contestants each paying an entrance fee of \$50, he says, he can recoup the value of his business. He walks away with the entry money, and the writer of the best essay, to be independently judged, walks away with his boat, 750 traps and 14 miles of rope. The essay topic? Fishing, of course - 250 words of finely-boned prose on Ernest Hillman's favourite subject.

The morning wore on and slowly the tank on the Franny Ellen's deck filled with lobsters. In the end it turned out to be not too bad a catch: at Cook's wharf we off-loaded about 300 of the little brutes, each with their claws carefully strapped tight with a pair of bright yellow elastic bands.

Later, flying home, I day-dreamed about those lobsters. I had no difficulty imagining them flying off, like me, to distant destinations. In my mind's eve I could see them roaming about restaurant display tanks in New York, diving into boiling vats of water in Rome, swimming through Newburg sauce on dinner plates in Paris. And, if I closed my eyes and thought very hard indeed I could see them in a trap on the deck of my very own lobster boat in

■ Readers interested in Ernest Hillman's essay contest may contact him on tel: (207) 833 6010 or fax (207) 833 5956. Deadline for essay entries must be postmarked on or before October 15.

confess I am a nosey parker. Sights and smells gleaned in other people's kitchens inspire me. In markets, supermarkets and specialist shops I find it hard to resist staring into other people's shopping baskets and mentally trying out recipes

using the ingredients they are taking home. In Spain, on the plain of La Mancha in the pumpkin sea-son, I was led by the nose to explore the kitchen and larder of a saffron grower whose front door was ajar. She was toasting freshly plucked saffron on a hair sieve placed over a wood-burning stove. An unmistakable smell. An irresistible lure. She welcomed me in.

A rabbit caught in the garden that morning hung from a hook, its muzzle neatly bandaged with gauze to staunch the blood. Bunches of grapes and tomatoes on the vine hung from other hooks, drying in the autumn sun, concentrating their sweetness for winter eating. There were shelves of preserves and a row of pumpkins and squash in the process of

She offered me an aromatic, freshly baked slice of pumpkin. Not the usual crescent moon slice you might find elsewhere but the top slice or lid of a pumpkin. She had brushed it with fat, she told me, sprinkled it with spices and baked it cut side up with a sheet of foil laid



She had cut it like this for practical reasons - in order to fit the narrow drawer-like oven at the bottom of her woodburning stove. But the shallow cup shape and the ribs of the pumpkin gave the impression of a prettily fluted flan minus the pastry, a decorative idea I determined to copy.

Back in Wiltshire I bought a variety of colourful squashes with which to indulge in kitchen experiments. I apologised to the shopper behind me for holding up the queue with so many purchases. As good fortune would have it she was intrigued by my selection and asked the name of one sort, pointing, so she told me apologetically, with fingers stained from picking mulberries most of the previous two days.

I pounced on her greedily, for mulberries are a magical fruit and impossible to buy on the open market, too easily crushed to be commercial. Yet they crop so heavily that anyone who has a mulberry tree tends to have more fruit than they can cope with.



I was planning a figgy dessert, I explained, and I thought that vinous-rich mulberrries might provide the perfect finishing touch. Any chance, I begged, that she could let me have some. Kindly she agreed. Hence today's second recipe. GOLDEN NUGGET WITH

GOAT'S CHEESE, TOMATOES & THYME (serves 2-8)

Choose a flat rather than a ball-shaped squash if possible so that when cut in half each half looks a little like a deep

finted flan tin. The quiche-like filling is deliberately highly flavoured to foil the dense chestnut quality of the flesh. Cut the halved squash into wedges (like a pastry-less flan) for a first course for six to eight. Or allow one half squash per person for a handsomely rustic supper (in this case the squash is best eaten with a spoon).

Serve with good bread and a salad on the side. 1 golden nugget squash meater; 2 oz Mendip or chèvre log goat's cheese; scant ¼ oz but-ter; 1 egg; 2¼ fl oz single cream; 2¼ fl oz double cream; 1-2 sun-dried tomatoes, dried if packed in salt; thyme and oregano or marjoram.

Cut the squash horizontally in half. Scoop out coarse fibres and seeds. Use the tip of a knife to slash the hollows shallowly with criss-cross cuts. Rub the hollows and the fleshy rims with butter.

Sit the squash, cut side up. in a baking dish or in individual oeuf sur le plot dishes, propping them with wedges of bread as necessary to keep them level and steady.

Cover loosely with a dome of foil and bake at 400°F (200°C) gas mark 6 for 30 minutes. brushing the rims with melted butter once or twice as they

Beat the egg lightly and mix it with the creams. Snip the tomato(es) into small pieces, add them to the creamy mixture and leave to soften while the squash bakes. Then stir in the diced cheese, plenty of thyme, some oregano and sea suring about 51/4-6 in in diame salt and black pepper to taste.

flavoured custard mixture into instead. 1 x 10½ inch sponge flan the hollows of the squash and case; 1 x 200 ml tub of crème bake for 20-30 minutes more until the squash is perfectly fraiche; ¼ teaspoon or so of tender and the filling is softly orange flower water; 4 level set like a quiche-type custard. tablespoons runny honey; a good pinch of saffron; 4 very Serve warm, rather than piping hot from the oven. large ripe black figs; 4 oz ripe

MEDIEVAL FRUIT FLAN (serves 8)

The ancient combination of saffron and honey, multiseeded ripe black figs, wine dark mulberries and handfuls of nuts make this a memorable dessert - and it is simplicity itself to prepare if you cheat and buy a ready-made sponge flan case. If you cannot lay hands on either mulberries or

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Stand the jar of honey in a pan of hot water for at least 20 minutes so the contents become very liquid. Meanwhile pound the saffron to a powder with mortar and pestle, pour on 2-3 teaspoons boiling water and leave to infuse.

blackberries, use one extra fig

mulberries or blackberries

(optional); 1 oz pistacchio ker-

nels (2 oz in the shell); ½ oz

slivered almonds; ½ oz pine-



Shell the pistacchio nuts, and toast the almonds and pinenuts in a fatless frying pan

Beat the orange flower water into the crème fraiche. When smoothly blended spread the creamy mixture over the flan base. Slice the figs and lay them, just overlapping, over the cream. Scatter with berries and sprinkle with nuts.

Measure the honey carefully into a small bowl that has been warmed by rinsing it out with hot water. (If you do not have a standard tablespoon (15 ml) measuring spoon, use a tableware dessertspoon - as the capacity of tableware spoons tends to be much greater than that of measuring spoons, and too much honey will make the flan oversweet.) Stir the saffron into the honey and drizzle the mixture over the fruit and nut filled flan.

Leave until cold before serving with a bowl of soured cream or crème fraiche.

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FASHION

Charcoal single-breasted unlined coat, £169.99, by Matinique at House of Fraser stores nationwide.

Checked granded shirt, £40, from French Connection branches nationwide.

Herringbone-weave, denim, single-breasted jacket, £290, by Hamnett Denim, 20 Stoane Street, London SW1 and Princes Square, Glasgow.

Camel/charcoal checked trousers, £90, by Designworks, 19 Avery Row, London W1. Tel: 071-355 4654.

Brown leather lace-up boots, by Paraboot, £155.

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Versatility is the key to winter coats

Heath Brown chooses some hard-working classics



Long herringbone double-breasted coat, £450 by Paul Smith, 41- 43
Floral Street, London WC2.
Wine cord shirt by Browns Own Label, £65 from Browns, South Molto.

Street, London W1. Charcoal single-breasted jacket, buttoning to neck, £198, by R. Newbold

7-8 Langley Court, London WC2.
Camel moleskin trousers, £36.99 from next branches nationwide.
Brown leather boots with wraparound lacing, £59.99 from Shelley,
266-270 Regent Street, London W1. Tet: 081-450-0068.

hen a business man buys an overcoat its suitability for work is a priority - which usually means a degree of sobriety; cloth that is dark, lines that are tailored in classic style. Once acquired this is often the only serious coat he owns - for weekends and off-duty hours pseudo-mountaineering styles and faux country looks take over and he usually dons an anorak or, possibly, a

But the formal weekday mantle need not be banished to the closet on Friday nights. Classically traditional overcoats can be made to work a seven-day week if you choose

Today's eclectic fashion mood means a well-chosen greatcoat can be sharp and effective when arriving at a high-powered meeting, yet stylish and relaxed if teamed with a heavy fisherman's sweater and a pair of corduroy jeans.

It would work equally well

with layers of unstructured

shirts and tops.
David Mullane, the buyer for the high fashion emporium, Warehouse, in Glasgow, says: "The more classic the coat, the more suitable it is to be worn

casually as well."
Indeed, the better fashion designers have realised this and are producing more classic coats that can happily cross the divide between office and home, from city to country, and become one of the most versatile garments in a man's wardrobe.

been plagiarised and adapted to mix and mismatch in looks from designers such as Katharine Hamnett, Giorgio Armani and Paul Smith. They have brought tradi-

tional coat styles, such as the velvet-collared Chesterfield and the double-breasted paddock coat, up on to the catwalk. British and Italian designers are pillering the traditional city wardrobe and creating new classics from old. Dolce e Gabbana, the Italian design duo, are leaders in this

design duo, are leaders in this post-modernist design ethic, gleaning trends from the well-groomed commuter and marrying oversize Crombies and double-breasted woollen car coats with sporty leggings and corduroy.

The real appeal of these coats is that they offer high quality and high style and long-term value.

A beautifully-made garment in an avant-garde style may be a thrilling fashion statement but it is far too frivolous for many to contemplate. Money spent on a long-lasting classic, that can be worn in many different ways, makes a lot of

Today's male customer is much more interested in fashion and design than his father. He wants fabulous clothes that are well-made, recognised and admired by others, and yet are not too showy or aggressively fashion-conscious.

Adrian Clark, fashion editor of Fashion Weekly, welcomes a return to traditional tailoring and classic coats. But he reminds us that too casual a look does not look right in the



Black double-breested full-length wool berathea coat with half back-bet £334, by Joseph Homme, 26 Stoane Street, London SW1.

Zip-neck mock turtieneck sweater in beige melange, £70, by John Smedley at Harrods and Harvey Nichols, London SW1.

Biscuit suede biker's jacket from selection at Katharine Hamnett, Stoane Street, London SW1 – to order.

Black leather trousers, £79.99 from Empire Stores Catalogue, Tet:

45-200400. sek leather lace-up boots by Paraboot, £155, from Office Store



Navy gaberdine unstructured single-breasted three-quarter-length cost, £310 by R. Newbord, 7-8 Langley Court, London WC2.

Cream slub siik knit cardigen with satin-bound rever collar, £163, by Designworks, 19 Avery Row, London W1. Tel: 071-355 4654.

Fine check cotton shirt, £135, by Dries Van Noton at Browns, 23 South

Molton Street, London W1. Tel: 071-491 7833.

Claret velvet trousers, £98, by Designworks as above.

Brown leather lace-up boots by Paraboo: £155, at Office Stores
nationwide.

"The ridiculous trend for wearing waxed jackets over pinstripe suits on the city commuter circuit should be put away once and for all. By all means wear your city coat to the country pub but never be tempted to add rural charm to your nine-to-five two-piece. Versatility works in only one direction — from smart to relaxed," he says.

To create the relaxed look with the overcoat, soft layers and chunky knits loosen the rigidity of the tailoring. Be careful or you may end up looking like a first-year arts student.

Match your clothes to the quality of your coat (which ought to be the best you can afford). Heavy boots and textured trousers, such as cord or moleskin, can complement weightier woollen coats and contribute to an overall image that is robust, modern and

When choosing this most important of garments these basic points must be considered. Make sure that there is enough room for your suit underneath to allow you to move freely. Always wear your suit when choosing and buying and do not be embarrassed to

wave your arms about to make sure it is roomy enough.

Go for the best quality wools and natural fibres or, if possible, cashmere or microfibres for a less heavy, easier wearability.

if you are short, opt for kneelength, single-breasted styles. If you are taller, choose longer, calf-length styles that are perhaps double-breasted or belted. Choose plain, dark colours or fine, woven feint-banded browns

browns.
Finding the perfect winter coat may take hours. Department stores can be disappointingly mediocre when it comes to outerwear. Exceptions are Harrods, Simpsons, Burberry's and most larger branches of Austin Reed where good names, such as Chester Barrie, Crombie and Daks, can be

Fashion stores, too, offer some great ranges – and not necessarily at more expensive prices. The new Jigsaw for Men range has a selection from £165. Harvey Nichols has a slightly higher-priced range but offers top quality. This season's best buys are at Joseph with its own Joseph Homme range outshining the designer labels.

Good-bye battery



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o all those who think of the crafts as a peripheral phenomenon, it might come as something of a surprise to learn that in 1993 some 13m people visited a craft shop or gallery.

The Crafts Council has just produced what it calls an independent socio-economic study of craftspeople which says that there are about 25,000 working in England,

Scotland and Wales.
These are interesting figures and evidence that the pleasure people get from making things by hand is almost matched by the pleasure others getting from owning objects that are not mass produced. The figure, though, that would really interest me is what kind of a wage craft workers make

The difficulty, as always, lies with the fact that few retailers have woken up to a shift in people's tastes. It still remains true that those who long for things that are individual, one-off, hand-made and desirable have few places to go where they can regularly be sure of seeing them. Peripatetic craft mar-

Crafty gift ideas with cachet

Lucia van der Post considers the pleasures of owning hand-made goods

kets and market stalls are still the most common way for craftspeople to sell their wares.

However, many enlightened retailers discovered some years ago that just a few quirky, idiosyncratic artefacts in their shop could bring a lot of life and fun to the business of selling life's necessities.

Joseph, always a touchstone for retailers, has been selling furniture by designers such as André Dubreuil, Tom Dixon and Mark Brazier-Jones, and chandeliers, candelabra, glass and ceramics by other makers. Sales may be limited but Joseph understands that they lend a bit of dash and pizzazz to the atmosphere of the shop as well as providing a much needed platform

Egg, one of the sensational retail-

ing successes of the year - Maureen to shut her shop during August as she had nothing left to sell - is loved by its customers because it is

stools, glass vases, quirky plates,

Nicole Farhi, in her airy new shop through standard retailing outlets make a one-off piece of furniture, a Doherty, its owner and buyer, had in New Bond Street, London, has have to absorb a huge mark-up (100 gone to the trouble of scouring staly per cent plus VAT) and this puts for hand-made pieces; wooden the goods beyond the reach of

With its carefully sifted works, Chelsea Crafts Fair has become one of the biggest forums for arts and crafts in the UK. Last year some 28,000 visitors trooped through its doors

not like any other emporium Besides the ranges of Indian cotton khadi trousers and jackets -and beautiful silks by Asha Sarabhai - there is always a selection of exquisite hand-made pots and hand tie-dyed silks and smocking, goods made with love and care.

bowls and wrought-iron candlesticks. (Although one wonders why it has to be Italy when there is so much that is splendid in the UK.)

Admirable though these retailers

are, there is still the big problem that there are not enough who think as they do and that crafts sold

All of which brings me to Chelsea Crafts Fair, which opens on Tuesday and runs until October 23.

Many Weekend FT readers have become regular fans, going back year after year to look for special anniversary or Christmas presents.

made-to-measure chest of drawers, candlesticks of specific dimensions or jewellery for a special occasion.

Last year some 28,000 visitors trooped through the doors of Chelsea old town hall in Kings Road, London and the fair has become one of the biggest, best-known forums for arts and crafts.

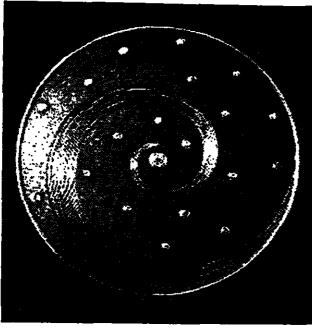
The work has been sifted carefully - far more people apply than can be accommodated - but the result is a big and varied exhibition where almost every craft is represented. Fashion, textiles, ceramics, glassware, jewellery, toys, papier maché and bookbinding - there ought to be something for everyone. Do not, however, expect every-

thing to be cheap.

made goods should cost less than machine-made articles but, although crafts often do represent wonderful value, they cannot be cheap if fine materials (solid wood, gold, precious stones, silver, enamels) and intricate workmanship have been used.

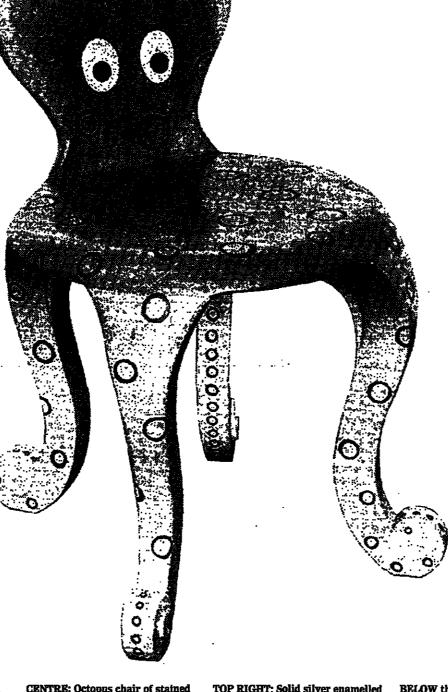
I urge London readers not to miss the Chelsea Crafts Fair. There will be a completely different set of exhibitors each week so it may well be worth going twice. The fair opens from 10 am to 8 pm, Tuesdays to Saturdays, and 10 am to 6 pm on Sundays. Entrance fee is £7 for one visit each week, \$5 for a single

Finally, if you have time today, hurry along to the last day of the Goldsmiths' Fair, at Goldsmiths Hall, Foster Lane, London EC2V 6BN. Jewellers and silversmiths will be showing and selling a vast range of jewellery, cutlery, salt and pepper pots, claret jugs, vases, goblets etc - again a marvellous place to pick up special presents. It is open from 11 am to 7 pm. The £1





TOP LEFT: a black Mandala brooch in oxidised silver with a precious metal decoration and coloured diamonds by Alan Craxford, £1,950. LEFT BELOW: lion's head brooch in 18-carat yellow gold set with blue tourmaline accent stones. The lion's head is formed from a finely carved citrine. By Stephen Webster, £8,000 both from the Goldsmiths' Fair at the Goldsmiths' Hall, Foster Lane, London EC2V 6 BN which is open from 11 am until 5 pm today.



CENTRE: Octopus chair of stained Southern yellow pine by Piona Lynne Clark, £350, on show the first week at the Chelsea Crafts

TOP RIGHT: Solid silver enamelled napkin rings (£114 each) and paper knives (£136), by Claire Underwood. First week at Chelsea

BELOW the napkin rings, LEFT, Captain's chair in ashwood by David Colwell and Roy Tam who together make up Trannon furniture. £370, first week at

diameter, £95, Chelsea's first week.

BELOW the napkin rings, TOP RIGHT, a ribbed pot made from grass by Jules Tattersall, 24 cms in





BOTTOM RIGHT, one of Jools Elphick's idiosyncratic knitted hats which rauge in price from £78 to

£153. First week at Chelsea.

Cuddly appliances for a dream kitchen

Lucia van der Post tests designs for the caring '90s

about the sweet, caring 1990s? In case you had not noticed we have left the bad, greedy, tough 1980s behind and now we all are all supposed to be as soft as pussycats, full of peace and goodwill. This, at any rate, is the message the fashion pundits have been trying to press upon us. Now it

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ave you heard has reached the kitchen.

Alessi, a hugely innovative and enterprising Italian company most renowned for its fine cookware and its collaboration with French designer Philippe Starck, has joined forces with Philips, the Dutch company most renowned for its efficient but visually unexciting domestic appliances, to produce a small Philips-Alessi

line of kitchen aids.

They have clearly taken the new 1990s to their hearts. Soft pastel colours, cosy rounded shapes, cute little cuddles between the two parts of the coffee maker ("the two parts snuggle up to each other like cuddly pets," say the makers) -all this says Philips-Alessi, is part of a partnership designed to "rehumanise" the kitchen.

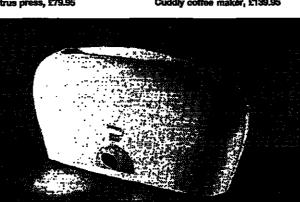
Alessi has a fine record for managing to combine innovative design with genuinely improved function. I still think the range of cookware it devised with some of the world's top chefs way back in '87 is one of the best and, what-

ever you think of kettles with sweet little singing birds, Alessi has injected a lot of wit and fun into what could otherwise be sombre utilitarian

Certainly it was a desire to inject some warmth into the kitchen that inspired the collaboration. Stefano Marzano, Director for Philips Corporate Design, perceived among 1990s people a desire to recreate the Elizabeth David ideal of the kitchen as "the heart and soul of home life." Or as Alberto Alessi puts it: "Philips tended to see design as a way of satisying needs, whereas we were inclined to see it as a way of fulfilling dreams. By combining these two approaches... we believe we've created the

best of both worlds." The toy-town-meets-Disney aesthetics seem to be part of an attempt to humanise the objects and the companies' statements are spattered with anthropomorphic phrases. The products, they say, "clearly form a family." And: "Clever,





'human' touches in the design provide the products with extra personality which . . . will encourage users to feel more involved in the rituals of food and drink preparation." All

Philips between them do seem to have gone to immense trouble over function.

The citrus press, for instance, works silently and quickly, the glass simply sits beneath the spout which after But do they work? Alessi and



Cuddly coffee maker, £139.95

pushed back so that there are no drips.

The toaster has a sensor system which means every piece of bread is toasted to the same colour and the slot is able to cope with large, thick slices of bread. The kettle is cordless, boils one litre of water in just over three minutes and has a scale filter. All are made from combinations of polypropylene and stainless steel.

Like most artefacts with strong personalities, these will not be to everybody's taste but those who love them will love

them dearly.

Three of the products (the citrus press and toaster) go on sale today in Harrods of Knightsbridge, London SW1, Selfridges, John Lewis and many other stores throughout the country, including House of Fraser Stores outside London. The coffee maker will be on sale in January.

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COUNTRY 契持(

here are people who would sooner confess they beat their dogs than admit to living in a house built after the second world war. Georgian, Queen Anne or Victorian even Edwardian is acceptable – trophy homes are as desirable as a Land Rover Classic (as a second car), or the best school for the chil-

Among the aspirant classes however, are many who baulk at paying the period home premium becaus they are wary of inheriting old house crankiness. Increasingly, the solution is to commission a new house which is designed and built to look old - a kind of off-the-peg

In East Anglia, Stephen Mattick builds homes with traditional, vernacular pargetting that blend seamlessly into the neighbourhood. In Surrey, Paul Sweeney's new houses look so convincingly old that a local planning officer insisted they must he conversions. In Wiltshire, Andrew Pownall-

Gray, financial planning consultant with Allied Dunbar, chose Peter Borchert to design and build a "new" Georgian home. He and his wife, Judy, even sold a real Georgian house to do it. "She was dubious because she

has always lived in period properties," says Pownall-Gray. "But when she saw what Peter had done, she became an instant convert.

"It is not always easy to find the house you want in the £300,000 to £400,000 range. We wanted something which was cheap to heat, had well-proportioned rooms and didn't have too many skeletons in the cup-

Borchert, an aeronautical engineer and pilot - he owns part of a Tiger Moth and is helping to renovate a Walrus, a second world war seaplane - before turning to house design, employed brickwork, windows and roof slates as they would have been used in the late-Georgian

"There are few examples of large period country houses that haven't been got at," he says. "Where there is affluence over a period of time. people have had the money to change the house by ripping out many of the old features. To create a new one is an alternative."

Another attractive inducement, he points out, is that value added tax does not apply to new building although VAT must be paid on materials used in restoring an old



You might think it's Lutyens...but you'd be wrong. Orchard House, near Henley-on-Thames, Berkshire, is a mere two years old although built in "traditional Lutyens' style". Offers of around £1.2m are being sought

eration for the Pownall-Grays.

The final bill for their five-bed-room house was £130,000, in addition to land costs of £140,000. When they sold it recently, they got £285,000 - which must be considered a modest success, considering the limp condition of the housing

"The advantage of having the house built was that we had a full bespoke service," says Pownall-Gray, who is now renting while he looks for a site where Borchert can build him a large country house.

house. This certainly was a consid- With two children in situ, plus nanny, and twins due in November, more space has become a priority.

Borchert's previous experience

includes a courtyard of new, traditionally-designed buildings including a swimming pool, pavilion, orangery and cottage in the grounds of The Grange, a restored manor house near Salisbury. At present, he is working on five new cottages - including thatched, tim-ber-framed, flint and brick, and rendered cobb - in the Dorset conservation village of Winterbourne

Borchert admits locals were apprehensive at first about his planning application, but adds that they have subsequently been reassured as to his honourable intentions. "There is a place for modern architecture but not in housing," says Borchert, whose views on the subject have much in common with

those of Prince Charles. "We can suffer it in a car park, or a civic building. The worst examples are in concrete and glass and there's a coldness about them. They have no living qualities."

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CLUTTONS

It is an attitude that provokes

fury in the modernist camp, a lead-ing exponent of which is Czech-born Jan Kaplicky. He says repro houses

are on a par with film sets. Future Systems, the company he runs with Amanda Levete, has recently designed a four-level house in Islington, north London, with two solid walls and roof and two glass walls. Sitting between two protected buildings in an area where even the trees are on the protection register, it has attracted six pages of breathless excitement

If Kaplicky had tried to build it in

Edinburgh New Town or Stow-onthe-Wold, locals would have burned his effigy in the street, his 'thoughtful, dreamy lyricism" (according to Vogue) notwithstand-

ing. But Kaplicky is defiant. "Every other country in Europe builds thousands of modern houses," he says. And he insists that the fact he was born in Prague, home to some of the most beautiful baroque architecture is "irrelevant". "Only in [Britain] is there a men-

tal block. I fully respect houses from any period, but you can't build copies. You don't have the craftsmen who can do it without an extraordinary financial premium. They can't build the quality like they used to when people worked for pennics.

Kaplicky cites Poundbury, the model village being built in Dorset with the support of Prince Charles, as proof of his theory. He describes it as "awful, from what I've seen on television. It's basically Holly-

wood".

He adds: "I don't think it is the case that you should match existing houses in a village when you are building a new one. Time goes on. You can't tell the inhabitants they must drive only old cars or horses and carriages. It's nonsense."

Yet, nostalgia is getting younger. Sir Edwin Lutyens (who died in 1944) is being copied, too. Orchard House, a two-year-old, five-bedroom, red brick house near Henley-on-Thames, Berkshire, is designed in what estate agent Knight Frank and Rutley describes as "traditional Lutyens style".

To assist its assumed identity, it was planted in a mature plot which includes river frontage to the Thames, large trees, and a lake fed by an ancient moat. Less traditionally, there is a garden lighting system with a programmable waterfall into the lake. The three-buy garage block, flanked by stone balustrades. is designed to match the house and offers of around £1.2m are being sought for the whole property.

Savills, which is selling a genuine Lutyens house for £450,000 in rural Northamptonshire - admittedly, not as desirable as Berkshire - says the proof of the pudding is in the ingredients. Even a repro will command a good price if the materials used are of high quality and it is a top of the market house. This is especially so for overseas buyers who want to walk into a house without having to deal with expensive maintenance bills.

John D. Wood is also selling a genuine Lutyens: the Dutch House, near Dorking, Surrey, for £400,000. That sounds like a snip - until you realise it stands on the busy A24

dual carriageway.

Who would pay more than a million for a copy? "A true Lutyens' fan would pay a premium for the real thing," admitted Knight Frank and Rutley's Andrew Rome, when pressed. But he added: "The beauty of a new house is its modern facilities. Placed in a very old setting, as is Orchard House, it is a perfect

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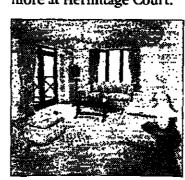
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PROPERTY AND GARDENING

Cadogan's Place

Cheer in the UK rental market

he UK market for buying and selling houses may be patchy, but the London rental market is

Third-quarter statistics from Cluttons London Residential, show an average increase of 4.5 per cent in the quarter and of 10.6 per cent year-on-year. But the steep quarterly increase is unlikely to remain strong since it merely reflects the peak months when people cate before school starts. This year, as economic recovery continues, more corporate staff are on the

move than a year ago. The prime areas of Belgravia, Knightsbridge, Kensington and Chelsea have led the recent charge with quarterly increases of more than 5 per cent. But, on an annual view, Fulham takes the prize with a rise of 20.9 per

Aylesford reports that the average rent for its lettings has increased from £480 a week a year ago to £515. Most properties are in the £400-£600

These increases will improve yields, which were 10 per cent in 1992 and 1993 but had fallen as property prices rose. For the prime areas, 8 to 8.5

per cent is now feasible. Investor-landlords seeking a still higher yield should turn to Battersea, Clapham or Fulham - which are not the parts of London on top of American corporate tenant

American tenants in the UK are usually on company lettings. These are always strong in central London, forming 36 per cent of Aylesford's tenants in 1993-94 as against 23 per cent from the

For 1991-93 the US proportion was higher at 43 per cent, and the UK 19 per cent. UK tenants mostly take assured shorthold tenancies. which give the landlord security of repossession under the Housing Act 1988. (Company lettings come under commercial law.)

Unfurnished lettings are on the increase. Americans often prefer empty premises and the chance to ship over their own furniture and household items.

Letting property abounds with quirks of law and practice, including coping with the Inland Revenue if one is a non-resident landlord. To guide landlords through the maze, Cluttons London Residential has published The Lettings Handbook, which aims to cover all the problems in a practical way. Call 071-824 8822 for a free copy.

Property insurance is equally rich in difficulties, especially for listed buildings. The hugely expensive fires at Uppark and Windsor Castle, have put older properties in the spotlight.

Owners who worry about what perils to cover, and how much cover they need, will find A Guide to the Insurance of Listed Buildings and their Contents helpful.

This is produced by Jackson-Stops with brokers Gauntlet Heritage and Lycetts, Phillips, the auction hous Thames Valley Fire Protection and Sell Wade Postins, historic building architects.

There is advice on saving money on flood, subsidence and contents insurance, types of fire alarms and what is involved in reinstating buildings after damage (since rebuilding costs vary sharply for older properties).

The report costs £5 from Jackson-Stops & Staff, 22 Hans Place, London SW1X OEP.

Gerald Cadogan | Cypress Leylandii: the greatest garden monster ever let into Britain



Robin Lane Fox wants his cypresses cut to size

n this kind autumn, my garden has its successes at last: a second season on the yellow-flowered clematises of which the Bill Mackenzie variety is much the best; yet more flowers on a new deep blue salvia called Indigo Skies which looks much too good to survive a hard frost; better Asters, of which more soon, and a stupendous crop of berries, already set on Sorbus vilmorinii, that superb small tree.

Successes are heartening, but they are overshadowed by progress in another department. The greatest garden monster ever let into Britain has put on another growth spurt and, in the next few days, the survivors will cost me several hundred pounds in order to reduce them to size.

Why ever did we let Leylandii cypress trees on to general release? Uninformed gardeners buy them for good reasons: privacy, boundaries and fear of the neighbours and their ideas of bearable architecture. The little trees grow wildly at first. but we now know to what heights this wildness goes. Noone knows it better than I, who bought a garden with more than 200 Leylandii, planted in the early 1970s.

In open country, the first principle of Leyland management is much the same as the one now applied at UK motor plants: engage gear and charge the assets head-on with a hired JCB digger, its front bucket will then eliminate the roots.

Tree surgeons will quote you prices as high as a Leylandii for felling it scientifically, but the tree snaps easily when charged with a digger. The roots come out easily with a little bucketing because they do not go far and wide. They tend to point downwards like the sides of a modern corkscrew. The JCB method is much the cheapest, but it would not be popular in a heavily built up area. As my Leylandii approach their 25th birthday, they are 60 ft high and increasing ominously in girth. Old age accel-erates their progress: the upper 20 feet have been put on in the last six years. I have tried to view them artistically, like those great cones of greenery in the background of the high-ly-prized paintings by David Inshaw in the 1970s. The attempt has failed because the texture, colour and scale of these trees are all awful. So I have applied Leyland manage-

ment principle number two. In the early years of their arrival, the books used to say that an old Leylandii would never recover if it was severely cut back. This advice is now known as the Lord Stokes principle. In fact, these sprawling monsters are almost forgiveable if they are severely reduced in height and slimmed in size. If you cut back into old wood, it will soon be covered

by a renewed curtain of grey-

green feather.

his week I am having to fork out for a severe Leylandii reduction, knocking 30 ft off the top with the only consolation that the huge clip-pings can be recycled through the shredder as next year's mulch. If a Leylandii essential to your garden plan is overpowering you, ignore the experts and cut it neatly: it will soon recover from the

After reduction, the trees can be brightened up using an idea which occurred to me three years ago. Use the remaining hedge as a support for vigorous climbing roses. I have started a race between some of the best-known whiteflowered ramblers. The winner is the spectacular Rambling Rector, followed by the lesserknown - and much scarcer -Long John Silver.

Varieties with heavy tangles of growth are less satisfactory because they refuse to lie flat against the cypresses' soft cur-

tain of feather. Bobbie James is always a sound bet, but the weight of growth is a problem. White-flowered roses show

up very well, but this year, l have found their equal in a pale buff-vellow variety which is ignored in garden centres. Among roses, the one equal to the monstrous cypress is the stupendous white rose called

Kiftsgate. The original plant, in Kiftsgate gardens, Glou-cestershire, is still powering away up tall beech trees and along a thicket which is now hundreds of yards wide. Few people know that this terrifying rose once fathered a

child: somewhere, it leapt on a defenceless Hybrid Tea variety and the result is known as Treasure Trove, sold by Peter Beales in Norfolk. Its young growth and leaves

are plum-red and it races up Leylandii with some of the vigour of its wayward parent: the small flowers appear freely in clusters during late June and turn to a shade which reminds me of pink grapefruit. I may have introduced an equal mon-ster, but so far I think that Treasure Trove is a find for anyone who has been landed with these frightful hedges.

At ground level, there is one seasonal compensation. A few feet away from the roots of your reduced Leylandii, you should plant flowers, the hardy Neapolitan cyclamen, in shades of pink and white, is perfect for this time of year.

On the sunny side of the hedge, you can add the largeflowered Colchicums which look like huge crocusses in autumn: they must have sun if they are to flower properly, whereas the cyclamen will prosper in shade. Leave them to seed gradually, assisted by passing ants and your own careful distribution of any visible seedlings. This ant-like activity in the shadow of a "hedge" is one small compensation for the dreary, loose curtain of feathery green above.



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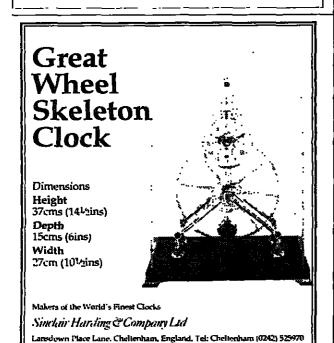
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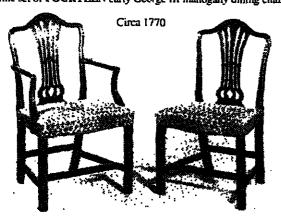
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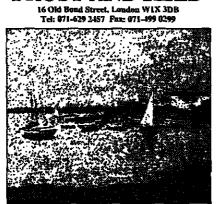
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Illustrated in 'The Knibb Family * Clockmakers' by Ronald A Lee, p.13 plate 3.



COLLECTING

Art to warm a winter evening

Autumn in Manhattan brings the chill and the International fair writes Paul Jeromack

mid-October, tled in for the long winter. The air usually has a brac-ing snap and Manhattan society is looking forward to welcoming the winter season in the way it knows best – by buying something.

The stage is set for the sixth

annual International Fine Art and Antiques Fair, which holds its gala opening in the Park Avenue Armory, in Manhattan. on Thursday, October 13. The show runs until Thursday, October 20.

The International is organ ised by Brian and Anna Haughton, London ceramicspecialists turned entrepreneurs. It made its debut at a time when its biggest rival, the long-established Winter Antiques Show, was going through an acrimonious time. involving accusations of mismanagement by its former chairman Mario Buatta, wide spread defections of established dealers and, most important, revelations that several items featured by its leading exhibitors had been, in the words of one discreet col-league, "creatively refinished and embellished".

The Winter Antiques Show was shaken by the International's strict vetting policies. These determined authenticity and the amount of restoration of every item proposed. The International became a venue where the prospective buyer could relax and buy with confi-

"We won't have imitations in," said Anna Haughton. "For instance, there are perfectly good 19th century ceramics that are exact copies of popular 18th century models. Even though many of these were legitimately produced, and the dealer may represent them as 19th century, they would not be permitted at the International show because they are straight copies. There is no problem with 'revivalist' pieces of a later century: they are clearly of their time."

Still, the vetting procedure is not without its problems. At the Haughton's first Fine Art Fair in New York last spring, several exhibitors complained that the vetting committee (made up mostly of other exhibitors) occasionally placed ersonal rivalry above aes thetic considerations, expelling items that should have been

It can be difficult to get objective vettors, as several curators and restorers from the



Metropolitan Museum were forbidden to participate. Nevertheless, Anna Haughton said: "Each year, we have more and more outside vettors. This year we have 90, and 30 of them are museum curators.'

When asked who they were, she demurred, saying: "there are always some people who don't want to be listed." Although a list was promised, Haughton backtracked a few hours later, telling me: have decided not to publish a list of vettors this year."

The most important painting ever featured at the International Show was Bernardo Bellotto's "Fortress of Konigfeatured in Brun Meissner's booth in 1992. Its exhibition there was instrumental in its subsequent sale (for approximately £6m) to the National Gallery of Art. While there are still a good

dealers exhibiting (Richard Green returns with his Impressionists and Old Masters, featuring works by Canaletto and Camille Pissarro, and first-timer Jill Newhouse with Old Master and nineteenth century drawings including an early Turner Watercolour of Florence and Degas' study of Julia Belelli), the International has developed into more of an object" fair.

number of picture and drawing

Unlike European collectors, Americans have not yet warmed to the idea of buying Old Masters at fairs, and it remains to be seen whether the Haughton's spring Fine Art

While the International has no stated yearly theme, this year a several exhibitors feature Oriental sculpture and Orientalist-inspired European

visitors will pay FFr50 each to

crowd under the canvas over

have abandoned the staid, big-

and American works of art. In the former category, veteran Newn York dealer Bob Ellsworth has a rare Chinese bronze chariot group consisting of two horses, a chariot driver from the Han dynasty. Michael Goedhuis, of London, will show a similarly large number of monumental Chinese works in bronze and iron, including a large 13th-century Iron Head of Lohan and a 17thcentury bronze Buddhist Lion, originally a guard for a private shrine, one of a handful of pieces signed by the caster

Shunsei. In addition to many works of modern and ancient European Vervoordt also features Oriental sculpture, including a large Chinese Song dynasty Seated Lohan of lacquered wood. Doris Wiener offers Indian and Cambodian sculpture; she is

bureau-cabinet (c 1720) attributed to Master Martin Schnell Emperor Augustus the Strong at Dresden. Frederick P Victoria features two elaborate Chinoiserie painted over-doors, probably made for the Villa La Favorita, and a Chinoiserie folly created by the King of Naples after he took up residence in Sicily at the end of

showing a life-size 11th century

Khmer sandstone figure of

Shiva, a notable 10th century

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The Chinese Porcelain Com-

pany has a 19in high Khmer

bust of a 10-armed Goddess Durga from c. 960-965. Earle D.

Vandekar of Knightsbridge

will show a decorative pair of

18th-century Chinese bronze

Lion-dogs.
Partridge Fine arts offers ori-

entalist furniture including a

red-lacquered Chinoiserie

the 18th century. Orientalism of a different sort is featured by Margot Johnson, who specialises in the American Aesthetic-movement specialist. She has a delicate Japonesque inlaid table by LeJambre of Philadelphia c 1880, (in addition to several fine pieces of furniture by Herter Brothers). David Pickup (one of the most popular exhibitors), offers a British Aesthetic-movement brass canopy bed from around 1872 complete with its original pink-and-oatmeal embroidered cover and

Most of the dealers are enthusiastic about their prospects. Says Michael Goedhuis: People are looking forward to it - it is the first item on the social agenda this autumn. They have not been spending four years, but there is a lot of anticipation this year.

"It is hard to get a handle on what's going on in the art market today, though. You cannot pan out the same old boring rubbish about people being only interested in the top line. But this show is very good. Only Biennale in Paris makes more money for its dealers, although the rest of Europe is fairly dead. The big market remains in America.'

Fiac optimism prevails

Paris's Grand Palais. this year's 21st Fiac contemporary art fair is housed, until Octoplied by culture minister Jacaues Toubon - some 14.000 sa m of white tent on the Quai Branly, near the Eiffel Tower. Slightly fewer galleries, 160 as compared to 168 last year,

contingent has shrunk from 79 organisers hope that 150,000 to 67 dealers, including seven British galleries, but only eight Americans as against 14 last

Even if the Fiac now comes second to the Basle Fair in June as Europe's top contemporary arts show, the tone this year is still optimistic.

Declared trading at last year's fair rose to FFr150m (£18m) following an all-time are taking part and the foreign low of FFr100m in 1992 and

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the coming week.

The recession has radically affected prices - as much as 50 per cent lower than during the boom years of the 1980s – and the art on show. Many dealers

works, once reckoned a good bet in hard times, to invest in vounger low-priced artists and thus in genuine contemporary art. To encourage this trend, this ROBERT BROWN NEAC PETER KELLY RBA

week's Fiac. instead of spotlighting galleries from a guest country as in previous years, is inaugurating a special section called "nouvelles tendencies". housing 35 galleries showing works by young artists. Paintings by Paul Pagk, the

British artist, are being shown by the Toulouse gallery of Eric Dupont, who is also exhibiting Hyun Soo Choi, the Korean. and the young Frenchman Musee Khombol. The Marc Jancou Gallery from London's Foley Street, a Fiac newcomer, is exhibiting pieces by British artists Jane Simpson, Martin Creed and Jasper Lester.

Several major galleries, such as Paris's Durand-Dessert and Alain Blondel are making do with a selection of works by their stable of artists but almost 70 other stands are staging shows by just one or a handful of people: Paris's Galerie Lahumiere, for example, is exhibiting 10 works by

Auguste Herbin, covering the artist's very varied career from 1917-1959, at prices from Ffr500.000 to FFr1.8m (£60.000-

£220,000). Fellow Parisians Artcurial are devoting their display to the work of five women artists, Sonia Delaunay, Natalia Dumitresco, Germaine Richier, Margaretha Farner and the Danish Sonja Ferlov.

Nicholas Powell

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A rare bird in the world of opera

very work of art contains an enigma, and if there is no enigma, it is kitsch. These words trip off Herbert Wernicke's tongue as if they were the stuff of everyday conversation. Wernicke must be one of the most matter-of-fact personalities on the continental opera scene today – but when he gets to work, he is also one of the most imaginative. Few directors are better able to balance the world of ideas with the demands of practical theatre.

Wernicke's production of Wagner's Ring opens at the Frankfurt Opera next Tuesday. First staged at Brussels in 1991, it was widely admired for its clarity, immediacy and magical effects. Using a single set and carefully-selected visual leitmotifs, it has the unity of style which charac-terises all Wernicke's work. With the same conductor, Sylvain Cambreling, and much the same cast, Frankfurt is lucky to have inherited it.

Wernicke, 48, is a rare bird among German opera producers: he can read music and he designs all his own productions. The son of a painter and picture-restorer, he began his career as a stage designer in the early 1970s. After directing a handful of plays, he produced his first opera in 1978, and

He spent much of the 1980s earning a reputation for contemporary settings of baroque and romantic operas. The Brussels Ring was his International breakthrough, opening the way for Boris Godunov at this year's Easter and summer festivals at Salzburg. He has also shown a lighter side in his uproarious operetta pro-

Forthcoming projects include the world premiere of Theo Loevendie's new opera about the Dutch wartime resistance (at the 1995 Holland Festival), Der Rosenkavalier for Salzburg next summer, Schoenberg's Moses und Aron for the Châtelet in Paris and Les vèpres siciliennes at the Vienna State Opera. He would love to direct in Britain, but has never been

With his narrow-rimmed spectacles, casual dress and dry humour, Wernicke is the liberal German intellectual par excellence - but where theatre is concerned, he is never less than practical. The walls of his ate-lier in Basle are plastered with architectural plans giving the exact stage measurements of theatres he will be working in, and his design-models have a draughtsman's precision. "He's not the kind of director who chooses a concept and tries to make the opera fit", says a long-standing

colleague. "There are no counter-pro-ductive ideas. That stems from the fact that he began as a designer. He has a clear idea of how he wants each work to look - and that usually means simple and powerful."

His controversial Munich production of Der fliegende Hollander, for

Andrew Clark talks to Herbert Wernicke, a German producer who reads music and designs all his own productions

example, was set entirely within the walls of a bourgeois living room, like a nightmare in familiar surround-ings. His Basle Cost fan tutte resem-bled a Club Mediterranean holiday island, where young love was superfi-cial, blind and promiscuous. His Salzburg Boris, in modern dress, used a stark, abstract framework to make a bleak statement about the exercise of

All Wernicke's work has a political viewpoint – or, in his own words, "a socially critical message. You have to

pieces, of making them believable and relevant to society today. That n't mean a singer should never stand still to sing an aria. Opera is a law unto itself - it exists in a different time. You have to have the courage to say: you, the singer, must sit and think about your situation. That is your reality. As long as you're saying something about people and not about stage conventions, it has its

Stage conventions are Wernicke's bete noir. Social conventions, on the other hand, are the lifeblood of opera, giving Wernicke the key to works as diverse as Die Fledermaus, Der Rosenkavalier and Carmen. "You have to show these conventions intelligently. I'm not a Brechtian - I don't believe in pointing the finger. But you must make clear why you're doing the piece. It's a permanent conflict: you want to leave room for entertainment, but at the same time you have to make people think."

So he has no intention of resorting

to Spanish clichés when he stages Carmen in Basle next month. There will be no flamenco costumes, no matadors (except for Escamillo) none of the fictional, folkloric Seville most people have been taught to expect by big-house productions. In

find new ways of interpreting old Wernicke's eyes. Bizet's masterpiece is a tragic entertainment in the opéra-comique tradition, with spoken dialogue and a reduced orchestra.

Carmen, he says, is not a pouting sex-bomb, but "an ideal which can never be reached in bourgeois society the representation of absolute freedom. That's what fascinates Don José. She stands outside society, she is a threat to petit-bourgeois values. She has to be flushed out of the system, because she has something noone else has. As in Don Giovanni. society learns nothing - it breathes a sigh of relief when the 'evil' non-con-

formist has been put away." Wernicke's ideal interpreter is someone who has never sung the role or at least has no preconceptions. "I like singers to be curious. It doesn't matter if they are good or bad actors - as long as they are willing to join me on a voyage of discovery. I want to stretch them to their limits. so that they make it as believable as they can. I don't demand the impos ble, but if a singer senses he or she can do something which was previ-ously beyond their capabilities, I've achieved something. With some it comes very quickly, with others over a period of weeks, and with a few never. A beautiful voice on its own is never enough for the theatre."

Manchester's Modernist comes to light

William Packer reviews Karl Hagedorn, Derek Jarman and Cindy Sherman

Manchester University has a reputation for imaginative temporary exhibitions that take risks, or look again at forgotten artists. Two such are running at the

Karl Hagedorn was born in Freiberg in Germany in 1889, but his antecedents remain a mystery, albeit a romantic mystery. He was supposedly an illegitimate son of Kaiser Wilhelm Π - hagedorn means blackthorn, a name often taken to indicate the royalbend simister in Germany. Certainly the several self-portraits in this exhibition, in youth and old-age, in their particular likeness to Kaiser Bill, do nothing to confound such speculation.

He came to England in the mid-1900s, settling in Manchester where he studied under Adolphe Valette, naturalised in 1914, was called up in 1916 and served out the war in Flanders with the Middlesex Regiment. He left Manchester in the 1920s for London, where he was active in the circle of the Royal Society of British Artists, which included Minton and Carel Weight. He also taught for many vears at Epsom School of Art, so he was not exactly unknown to the London art world.

Only after his death in 1969, however, did the early work come to light, on which this exhibition's claim for his being "Manchester's first modernist" rests. For the tragedy of his middie years was the death, in 1928, of Anne, his only child. In his grief he abandoned his modernist ways and asked Nellie, his wife, to destroy all his old work. Instead she hid it.

So it is we discover once more the lively work of a committed young artist, already well-travelled in the years before 1914, and familiar with such as Derain, Matisse - whom he visited and Picasso. He was also knew the Vorticists, Lewis, Bomberg and their friends, and the Bloomsbury avant garde of Fry and Grant and Bell. If what he did does not now exactly

shatter our perception of modernism in its great days, it was quite enough to stir up a little local controversy when he showed with the Manchester Society of Modern Painters in the autumn of 1913. "Mr Hagedorn's rhythmical expressions", said the Manchester Rvening News, "include one which happens to be a sea-green man - Robespierre was pink to him another seems like a kitchen dresser after an earthquake ... " Plus ça

The Whitworth Art Gallery of change... It is an intriguing and charming revival.

The late Derek Jarman's last works, Evil Queen, are hardly charming, but they are intriguing, and given the cir-cumstances in which they were made, even moving. Through his last decline, unable to paint himself, Jarman directed an assistant in achieving these manic, expressionist swirls and vortices of pigment and colour. They are truly desperate things, for the palpable hurt and anger they express, powerful-enough even without the final fierce inscriptions, scoured out of the paint, that were Jarman's only direct contribution to the work. Ouch; Dead Sexy; Dizzy Bitch; Scream; Do Lalley; Ataxia (Aids is Fun) - the cries grow weaker. the surfaces thinner, as Jarman him-

¶ his is not great art. Jarman began and always claimed to be a painter, but the truth is that he made his greater contribution through his films. His painting, rather, was ever impulsive, opportunistic, unsustained, and it is only the special pleading of his partic-ular condition that would make it more. That is not to say, however, that this sad exhibition is not a most poignant testament to our times.

Finally, a brief mention of Cindy Sherman, who is herself the subject of her remarkable photographic works. Yet it is never self-conscious or selfcelebratory, for she takes on the impersonality of the true actor. She has shown frequently in London, but never before in the country at large. The show at the Manchester City Art Galleries offers a concise summary of her career, from the Untitled Film Stills of the late 1970s, through the ever-larger colour images of the '80s to the disturbingly gynaecological sex images, with their dismembered dolls and disembodied masks, of the '90s. She is a satirist and a surrealist of

Munchester's First Modernist - Karl Hagedorn: Whitworth Art Gallery, Manchester University, Oxford Road Manchester, until November 26, then to Chris Beetles, London. Evil Queen - Derek Jarman's Last Paintings: in association with Richard Salmon, **Boddingtons and Granada Television.** Possession - Cindy Sherman: Manchester City Art Galleries, Princess Street, Manchester, until November 6; in association with Boddingtons.

narliament who pointed out the Lord Chamber-

lain in all his finery and loudly

man for?" Its a useful question

and the Stray Dog company's production of David Ashton's

Ashton (author of Bush

Theatre Productions A Bright

light shining and The Chinese

Wolf) chooses to dignify his

three-acter by allotting a sepa-

rate title to each 30 minute act

and calling the result a trilogy.

but the puffery of such a move is implausible. The scenes tell

in reverse chronology of a sim-ple-minded lad, violently sensi-

tive about his facial birthmark

which gives the play its title,

who murders his brother for

The Mark founders upon it.



Self-Portrait with Pipe, 1915, by Karl Hagedorn - who was supposedly the flegitimate son of Kaiser Wilhelm II

rama decidedly off the mark

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he story is told of a envisaged: first we see the little girl watching increasingly cracked Johnny little girl watching the state opening of by his brother's graveside on his release from prison, then the parents keeping funereal vigil by the body several years enquired, "daddy, what's that earlier, and finally the real relationship of the teenage to pose of plays every so often,

Of the three scenes, only the last contains any inherent element of stage drama; the others, burdened as they are almost entirely with story telling and recollections rather than any direct inter-action between characters, suggest that the play may have started its life as one of Ashton's

numerous radio works. Rather than attempting to transcend these limitations by playing to the emotions and suggested complexities which the script does contain, Daniel Slater's lumpen direction tries to create drama where there is is undermined by moments of not being the golden boy he

none: Neil McKinven's Johnny, with his brother's grave in front of him. addresses alternate sections of the audience as his dead sibling, for no apparent reason; and Anny Tobin, as the grieving mother, Theresa, is pushed into realms of archetype which the character cannot sustain. Only Jake D'Arcy has the courage entirely to refuse such reductive direction and play Theresa's husband, Willie, in the more natural register in which

he is written; D'Arcy's perfor-

mance is at odds with those

around him, but an admirable relief in itself. Only in the last half hour are McKinven and Shamus Gubbins as idolised brother Tommy allowed to attain what should be the general tone of the play - an awkward infi-macy in which their empathy

misunderstanding and outright cruelty. However, both in terms of writing and performance it is too little, too late.

This brotherly relationship is the foundation for a story, but remains a long way from explicating all that we have seen before; the actors' performances elicit only frustration simplistic over direction for the last hour. Stray Dog must do more to earn its meaty

at having sat through such

Ian Shuttleworth At The Cockpit until October

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Saleroom/Susan Moore Furniture shines

up its image

ot so very long ago, antique furniture – most especially the brown English variety - occupied a genteel back-water of the international market. Suddenly it is centre stage. Now it is not paintings but topdrawer furniture - and those decorative items the dealers and auction houses offer with it - that is being gift-wrapped with splendid catalogues, world tours and black-tie evening sales, and it is furniture that is riding a roller-coaster of spectacularly successful sales

and record prices. In 1990 the J. Paul Getty Museum paid a record £8.6m for the so-called Badminton Cabinet; last year a piece of English furniture, the "Angle-sey Desk", made over £1m. In December, the collection of furniture, silver and other objects belonging to the couturier Hubert de Givenchy, again sold through Christie's, this time in Monaco, realised £17.67m.

Its handsome catalogue included a separate volume. with a marathon 25-page catalogue entry, for the great silver for George II to the designs of William Kent. The catalogue for the forthcoming sale of treasures from Houghton at Christie's in December promises to be even grander.

It seems that furniture and what used to be called the decorative arts are no longer the poor relations to painting and sculpture. The best have been accorded the dignity and status of works of "art" not "craft" Every aspect of design and manufacture is a subject of study, every detail of provenance recorded. Like the Rok-eby Venus or the Portland Vase, these masterpieces also take their name from the great houses or collectors who once claimed them.

The changing status of furni-ture is due in large part to the coming of age of furniture history. Enormous inroads have been made into the - still shadowy - world of cabinetmaking since the Furniture History Society was founded in 1964. Now that it is possible to devote 25 pages to the description, history, provenance, etc of a Kent chandelier or six pages to an ormolu Matthew Boulton mantel clock - the sort of treatment once only meted out to a great Picasso or a famous Old Master - who can fail to be impressed?

It is not only the auction houses that have benefitted from the collecting public's apparent susceptibility to glossy, authoritative catalogues, John Hobbs, a former partner in the London furniture dealers Carlton Hobbs, believes the business really took off after the publication of its first exquisite, scholarly catalogue of stylishly presented furniture. The firm played a large part in estab-

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lishing a taste for flamboyant Regency furniture, and for levelling out the difference in prices between exceptional pieces, be they French, Italian,

Russian or English.
Revealingly, in John Hobbs' ambitious new venture in partnership with Paris-based dealer Ariane Dandois - eight gallery spaces of impressive furniture, sculpture and works of art in the old Design & Decoration Building at 107 Pimlico Road there are no less than three full-time researchers.

iven that English rather than Continental furniture is rarely signed and poorly documented, the auction houses have astutely focused on provenance. Recent auction successes have revealed that 20th-century provenances can be made as enticing as those of the 18th. In 1991 Christie's sold the Sam Messer collection for £7.7m, doubling the pre-sale estimate and establishing a record for a collection of English furniture. Its catalogue essay outlined the important role of the furniture historian and connoisseur F.W. Symonds on post-war collecting. Now it seems that any piece from a Symonds collector or collection is charmed and

destined for great heights. The Messer sale was a turning point. It re-established a taste for rich and restrained carved Chippendale furniture that seemed particularly appropriate to the new decade. The trade was alarmed by the gung-ho estimates. Messer's splendid George III commode attributed to Chippendale bore an estimate of £250,000-350,000: the hammer came down at

At the Geoffrey Blackwell sale in 1992 – another Symonds collector - estimates were far from conservative. Even so, a George II walnut mirror estimated at £20,000-30,000 was knocked down at £85,000, a George II burr walnut kneehole dressing table (estimate £40,000-50,000) at £125,000. In July, a George II walnut card table that had belonged to Percival Griffiths, Blackwell and Sir James Caird, fetched £120,000 hammer, four times the lower estimate.

These extravagant prices beg the question that if the auction room is the best place to sell a great piece of furniture, can it be the best place to buy? The furniture market may be in danger of over-heating. No one would benefit from collectors and dealers left with a glut of over-expensive, unsaleable furniture on their hands. But unlike the overblown impressionist market of the late 1980s, it is still not possible to buy a piece of furniture in January and sell it at a profit in July.

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Private passions, public lives

Clement Crisp abhors the muck-raking in recent biography

long as they don't do it in the street and frighten the horses".

he comment was made at the time of Oscar Wilde's trial. and what an admirable rule it could still prove today, when the publisher's office is mistaken for the confessional, and rubbing the reader's nose in the dirt is the justification for a good advance on royalties.

Once upon a time there was something called private life. It was no-one's business what people got up to unless they left the bedroom and the horses (and the moralists) reared up in alarm. No longer so, if stage or screen or sport or, heaven help us, politics - is your stamping ground. The new style biography is a lubricious bore. "Prurience pays" is the rule, and dirty linen (chiefly bed sheets) is washed and hung out for all too see. A recent cartoon in The New Yorker put it succinctly: it showed a hack at his typewriter with the muse at his elbow urging "More sleaze".

In these dark days for lifestories, the real vice anglais is not an addiction to the whip but to the keyhole. The kissand-tell brigade is everywhere, though bang-and-boast is a better name. Even without the latest royal romance – whose author should perhaps have called herself Doris Pasternak - there has lately been a vulgar recounting of Pamela Harriman's life in barely-readable Time-speak, and the tasteless garrulities of Sarah Miles are now available in The Times. Muck-raking is replacing aerobics as fashionable exercise: readers are forced to be voveurs. We live in the age of

zoom-lens biography. Now come the stories of two elebrated male dancers, Rudolf Nureyev and Irek Mukto tell all. I am increasingly in favour of biographies that may be said to tell nothing, and keep the skeletons in the closet. (Is it not high time a lot of things were forced back into the closet from which they have emerged?). The discretion that marked Margot Fonteyn's autobiography, with no mention of intimacies, did not prevent its being a wonderful record of her life, and one which later, grubbier revela-

the ticket prices, topping at

\$75, a new Broadway high; the

hype, a blitz of TV, radio and

print advertisements; and the

expectations. With only one

"I don't care what people do, so long as they don't do it in the secrets of her artistry, not her amours, which are of public worth. Her friends knew of her loves and maintained a silence about her personal life, which says much for them, and for her own grace as a woman. Yet in Peter Watson's Nureyev, we are told of her pregnancy by Nureyev, and of an allegation that she "took out a contract" to kill the man who had shot her philandering husband, Roberto Arias. The value - and the credibility - of this stuff

> With serious creative talents. sexual nature must bear strongly upon the products of that talent. But to be force-fed the storms and traumas of Mukhamedov's first marriage in Jeffery Taylor's biography, or to learn from Peter Watson of Nureyev's bath-house partners, seems to me both crass and unnecessary. Sexual gossip may have some passing inter-est as social comment, but for the most part it trivialises more than it enlightens. Does it make any difference to our understanding of Mukhamedov as a superlative dancer to learn that a "minder" tried to climb into bed with him in Northampton, and was beaten off? Do we learn more about Nureyev by knowing that in Hollywood's gay community he was called The Great Vaselino?

Peter Watson's Nureyev (Hodder & Stoughton £20, 470 pages) is by turns fascinating and exasperating. It combines admirable research about Nureyev's Russian years some gleaned from KGB files with material of the flimsiest interest about such individuals as Andy Warhol, at which moment it becomes a narrative auditioning for the front page of the cheapest tabloid. Nureyev was a promiscuous homosexual, haunting bars and bath-houses. His later years, fighting against disease

powers, are tragically set against the Aids plague. His sexual identity was significant, but it was only one aspect of a driven personality that lived most truly on stage. Performance and applause were his drugs, and everything came second to them, even the wild round of his passing conquests. Apart from the classic dance, his greatest love was that balletic Apollo, Erik Bruhn, and their vexed rela-



Artists and their artistry, not their amours, are of enduring significance: Margot Fonteyn with Rudolf Nureyev

tionship - Nureyev as both lover and as challenging and destructive rival - is well told. Yet there is an element of lubricity in the narrative, of gossip for discreditable gossip's sake, that I find unnecessary not least in sections dealing with Fonteyn's life.

understanding the hallet world in which his subject was so central. The book should have been edited by someone competent in dance matters to remove the abundant errors in name and fact. I must also note that Watson's account of Nureyev's last appearance on the stage of the Paris Opéra, after the first night of his Bayadère, minimises the dignity of his behaviour. which I saw. He was

indeed supported by two of the dancers, but his final salute showed him princely still in gesture, and undefeated. His last months are best

understood through the beautifully written and piercingly observed account by Rudi van Dantzig, the Dutch choreograher, who visited Nureyev in the Quai Voltaire flat where he died. It was printed in the programme book for a London cyer March this year. The dignity and precision of its writing make this book seem meretricious, and the use of chatty captions for the photographs -"Douce François, who once dressed as a man to get into Rudolf's good books" - is not without significance. I suppose it is the sort of hectic memoir Nureyev's life off-stage merited. The grander story of his art on stage has yet to be told. Whether Irek Mukhamedov

should have countenanced Jeffery Taylor's "authorised" biography (Fourth Estate £18.99, 237 pages) is also a matter where art and gossip conflict. His life, like Nureyev's. brings insights into the secretive world of Soviet ballet, and into the shaping of a superlative talent. But Mukhamedov is still in his prime, a danceactor of astonishing power and sensitivity. His ability to move ing heroes (Spartacus and their ilk) to the soul-searching challenges of MacMillan's Archduke Rudolph or the Foreman in Judas Tree is testimony to his rare gifts. These will demand proper analysis - but not yet, and Taylor does not essay it. Instead we are offered a seething account of Mukhamedov's first marriage. It is

of quite staggering lack of interest. We are at the keyhole again.

reluctant witnesses to other people's quarrels. In the real world there is little so off-putting and tasteless; on the page it is massively tiresome. Bad behaviour is a bore, and hugely as I admire Mukhamedov the dancer, I cannot believe that these marital storms are significant when considering his artistry.

What Taylor has done is to inflate a Sunday supplement dancer adjusting to the West into a narrative bloated with passion and recriminations. The book's value lies in its first-hand account of Muk hamedov growing up, with less than encouraging detail of life and political in-fighting at the Bolshoi. But it is premature as biography, and uninteresting save in placing Mukhamedov in his artistic setting. It serves this great dancer less well that his talent deserves.

plays the Cap'n as an addled, fey, pathetic showman (as did Robert Morse, whom he replaced during the show's Toronto run), and Stritch's unmistakeably contemporary

remaining central performers Rebecca Luker, Mark Jacoby, Dorothy Stanley, Joel Blum, and Michel Beil – are attractive and in excellent voice; buttery-voiced Lonette McKee particularly stands out

as Julie. This is Prince's first production of an existing musical he made his name with his roles in the creation of such new musicals as Sweeney Todd, Company, Phantom of the Opera and Kiss of the Spi der Woman - and it is perhaps his distance from the material which has contributed to the Show Boat's stately pace and reverent tone. The few typically Princean directorial touches add welcome life: set changes are executed in full view of the andience; supernumeraries move constantly on the periphery of the action; costume and dance montages. joyfully choreographed by the ingenious Susan Stroman (Crazy for You) provide the

entertaining moments. For those for whom price is no object, a ride on this floating musical theatre museum would surely not be a waste. The rest, be advised: the cast album, on Livent Records. costs only \$11.95.

show's most effective and

Cabaret set for revival

ondon swings! Oh no it doesn't. Of all the major cities of the world London is among the most dreary and unimaginative when it comes to night life. Anyone who fancies a well-rounded celebration - a good meal, an exciting cabaret and then a lively, or romantic, dance, had better get real.

It is not so bad if you are under 30. In fact these days it is quite lively. There are the proliferating comedy clubs for a start, and if you are young and smart you can spend your evenings queuing up outside dance clubs, waiting to be rejected by the all mighty

But anyone falling at this hurdle, and committing the even greater sin of maturity. faces an impoverished choice. Where are the gay night clubs of the 1920s and "30s, even of the '40s and '50s. All long gone. If you like jazz, Ronnie Scott's is as reliable as ever, certainly the jokes are unchanging. At Pizza on the Park, you get to hear some half forgotten names in comfort (Julie Wilson is currently there). But traditional cabaret haunts are almost as extinct as white ties and tails.

In recent months there has been another attempt to lure the middle aged, middle es, out at night. Hotels like the Dorchester and the Lanesborough have joined the Savoy in adding a torch singer to the traditional background pianist, at least at weekends. And the Cafe Royal has gone all the way, creating the Green Room, a cabaret spot where you can also dine and

The Green Room has been going for a year now, and recently had its first sell out season with the Three Degrees. Much encouraged, it is booking acts well into next year. The choice is worryingly eclectic, throwbacks to British television of the 1960s, like the Bachelors, jostling alongside such greats as Bobby Short, the American cabaret performer who keeps alive the tradition of Coward and Hutch; and Freddie Cole, brother of the more famous Nat.

In a way this sums up the Green Room: while Barbra treisand was selling out Wembley at £250 a ticket, her sister Roslyn Kind was playing

be: Charles Cross. Priors: C15.00-632.9

COLISEUMS, SI Martin's Lone. Tele71.832. English National Opera: TOSCA DON QUIXOTE Tube: Leicoser Square. Prices. 01.00-648.00

there have been intriguing bookings: songwriter Jummy Webb for example, as well as sightings of such long lost stars as Frankie Vaughan and Sasha Distel.

What can you expect from visit to the Green Room? Well the cost is fixed - £48 for meal and cabaret, £30 for the show alone. But no one goes to the Green Room for the food. The action starts around 9.15pm the lights go down, blotting out the fact that by day the Room hosts conferences of brand managers; and a star

Until October 15 it is Tony Martin. Yes, that Tony Martin, the romantic Hollywood lead of the 1940s who crooned to such leading ladies as Judy Garland, Shirley Temple and Lana Turner, and who ended up marrying one of them. Cyd

In search of night life, Antony Thorncroft finds Tony Martin at the Green Room

Charisse. The Tony Martin who introduced Begin the Beguine and for whom Jerome Kern wrote "All the things you

He is in amazing shape and the finest vocal fettle. The face and the hair might be works of science rather than nature but his vocal range and breath control are staggering. For Tony Martin is galloping towards his 82nd birthday, and needs absolutely no critical favours. Unlike a younger rival, Sinatra, he remembers the lyrics; he has also learned new songs, like

"The wind beneath my wings". That is the attraction of cabaret. It might be a dying art form, but watching Martin with his anecdotes about Irving Berlin, and his obvious pleasure in still hitting and holding the notes ("All the things you are' is an octave plus five", he points out), gives you a last, lingering, look at one of the 20th century's greatest artistic heritages.

Room, Café Royal until October 15. (071 437 9090)

early everything about Hal Prince's production of Show Boot which opened on Broadway last Sunday, is huge: the budget, \$8.5m; the cast, over 70 performers and 30 musicians: the venue, the cavernous Gershwin Theatre;

Show Boat steams into Broadway

autumn (Lloyd Webber's Sunset Boulevard). New York is

So why is Show Boat's emotional impact so small? The problems are not musical. With a company of marvellous voices, Prince's production is a celebration of Hammerstein

hungry for a hit.

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"Can't Help Lovin' Dat Man", "Make Believe", "You Are Love", "Bill", and "Ol' Man River". This last, as sung by rich-voiced Michel Bell, brings down the house. But the production fails to disguise the musical's dramatic faults, which remain as evident on Broadway as they did at the production's opening in Toronto a year ago.

includes such favourites as

Show Boat, written in 1927, follows 20 years in the lives of an extended show-business family on the Mississippi paddle-steamer. Cotton Blossom: the bickering father and mother, Cap'n Andy and Parthy Ann: their innocent daughter, Magnolia, who is swept away and eventually done wrong by the charming but raffish gambler, Gaylord Ravenal; and the boat's leading lady, Julie, who is driven off

the ship when she is revealed to be of mixed race. This introduction of serious social issues - racism, gender politics, family conflict - into musical comedy was to revolutionise musical theatre. Nearly 70 years later, however, the

> Karen Fricker reviews Hal Prince's production

innovation that it triggered has left Show Boat way behind. There are levels of realistic human behaviour and dramatic resolution we have come to expect from our musicals and Show Boat simply does not deliver. Characters serve as representations of ideas rather than complex.

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believable people; and motivations and emotions are left troublingly unexplained - as with the show's ending, in which Magnolia takes Ravenal back, 25 years after he walked out on her, with not so much

as a raised evebrow.

Prince has skilfully updated the show's treatment of race by removing references that contemporary audiences might find blatantly offensive (the first word of the show is no louger "niggers" but "colored folk"), while not covering up the racial inequality that was a fact in America during the time the show is set. But attempts to beef up the show's flimsy characterisation are too few. We could use many more touches like the moment added by Prince in which Julie, who disappears without explanation from the original musical, appears briefly late in the second act, washed-out and

Far from advancing plot and character, the show's few scenes of dialogue wander and drag, particularly those between John McMartin and Elaine Stritch as Cap'n Andy and Parthy Ann, who turn in the show's least convincing performances. McMartin over-

Chess No 1042: 1...Bg3+! 2 Ke4 gxf5+ 3 Kxf5 Bb8 4 Ke4 h4 5 Kf3 h3 6 Kf2 Bh2! keeps out

persona makes her presence on the Cotton Blossom a complete anachronism. The

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The Official London Theatre Guide

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HEAR ON RA

'BRIAN KAY'S SUNDAY MORNING! MUSIC AND REQUESTS. 9:00AM

ulian Critchley was in Parliament for a very long time. He watched the Tory Party change (the euphe mism is "adapt") and did not much like what he saw. So for historians he is a valuable source. We enjoy the bonus of his literary style and his powers of observa-tion: there (in 1962) is the prime minister "who would attend upon the '22 (Committee) with difficulty, nervously fingering his Brigade tie". But 20 years later it was "pull

up our socks" and "we've got work As a diarist, an impressionist really, the author has this delightful light touch which, like a watercolour by Cézanne, is so delicate in its use of colour as to please the connoisseur but leave (perhaps) the philistine puzzled or impatient. (This was also true of much of the way Critchley commented and conducted himself in Parliament. I

A temperate look at the Tories

Alan Clark enjoys the reminiscences of a witty man doomed to rejection by the party leaders

may say.) Take this introduction to hang like an army of bats in the a visit to Harold Macmillan: . Birch Grove, a modern country house the back of which abuts on the Bluebell Line, a preserved steam railway often to be glimpsed on television.

Future students will be able to write a whole doctoral thesis on Critchley's economy of language, and the gentle tone of mockery which pervades his treatment of even the most sententions topics.

Here he is on one of the "safest" bits of his own constituency: "Fleet, a curiously dull early 20thcentury planned town where retired Colonels and their ladies

mouth of some Goanese cave. At one point the author falls foul of Lord Grimston, a nonentity who

chaired the Carlton Club (foolishly and youthfully Critchley had entertained Jo Grimond to lunch there). Critchley was summoned to apologise and an appointment was agreed. A Lucky Jim sequence fol-lowed. Pouring rain, no taxis, no buses, no (after some hour and a half) Critchley. A cross note from Grimston awaited him when finally he turned up. But the episode is neither enlarged on nor subsequently referred to until much later. Critchley (at that time pretty

A BAG OF BOILED SWEETS by Julian Critchley Faher £17.50, 256 pages

broke, no longer an MP and now writing about wine) brings into the club as a guest Cyril Ray, a tiny left-wing twerp who also postured as a wine buff: "...luckily there was no sign of Lord Grimston". Rancour, that chemical insepara-

ble from the human condition, especially when in introspective 'mode", is almost entirely absent. Only two colleagues are categorised as "nasty bits of work". George

Wigg, who undoubtedly was one, and the hapless Robin Maxwell-Hyslop (whom I always found eccentric and combative but, nonetheless "a good sort"). Michael Heseltine, whom poor Critchley was deluded into thinking of as his "best friend" (there is a revealing description of Critchley being slowly frozen out from both the house which they shared and the job to which Heseltine had appointed him) is confirmed as callous and single-minded but (my interpretation) so obsessionally egocentric that even the Tory Party, when it came down to it,

There is a profusion of anecdote. Some, many, we have heard before, but they continue to give pleasure being literarily Homeric. They have entered into myth, and enjoy continuing and adaptive embellish-

One omitted, and worth recounting because it may illuminate his "difficult" relationship with the then prime minister, is from a dinner held in 1988. There is a photograph in the book which the author has pleasingly and characteristi-cally captioned "the remnants of the 1959 intake ('quite . . . the worst would do anything to avoid having of my experience' - RA Butler).

The woman in the middle is Mrs this meal Julian had the trickyish task of introducing the prime minister. "Margaret, what can I say about you that has not been said already?

Acknowledging this, in that special sugary tone which she reserved for those whom she disliked, the prime minister opened "Julian, what can I say about you which you haven't said already?"

And I suppose that much of this delightful book has, by the author himself, been "said already." But it is lovely to have it all under one cover: the testament of a clever. witty man who loved politics but was doomed to rejection. Critchley mourns the transition of his party from Knights of the Shires to Estate Agents and Motor Dealers. But reading him carefully will reveal that the author was too fas-

Identity *crisis in the US

he best way to find out what people are thinking is to go out and ask them Haynes Johnson, a journalist on the Washington Post, has applied this simple maxim – too often forgotten by those who work in the metropolis to build up his portrait of an America bewildered by decline and wracked by pre-millennial

His wide-angle lens captures a middle class defending past gains behind security gates while city services and schools collapse, medical costs soar, crime, guns and drugs proliferate and jobs are lost to overseas competition and post-Cold War defence cuts.

The citizens of the US are suffering an identity crisis, Johnson finds, in a society where race and gender are overwhelming the sense of American-ness. "At present the forces that divide America are greater than those that unite us." Yet, he concludes, he is anot writing the obituary of the American Dream, only describing an interlude in its reclama-

Their testimony suggests that Americans are no longer. seeking scapegoats for their ills. They are finally waking up to the fact that they have been spoilt by post-war prosperity and must now take a cut in living standards. They are

DIVIDED WE FALL: GAMBLING WITH HISTORY IN THE NINETIES by Haynes Johnson

W.W. Norton £19.95, 431 pages

waking up to the consequences of their tax-strike and credit binge while the budget deficit exploded; to their strike against a federal government they had been taught to despise as wasteful and malign; and to their regicidal treatment of their own presi-

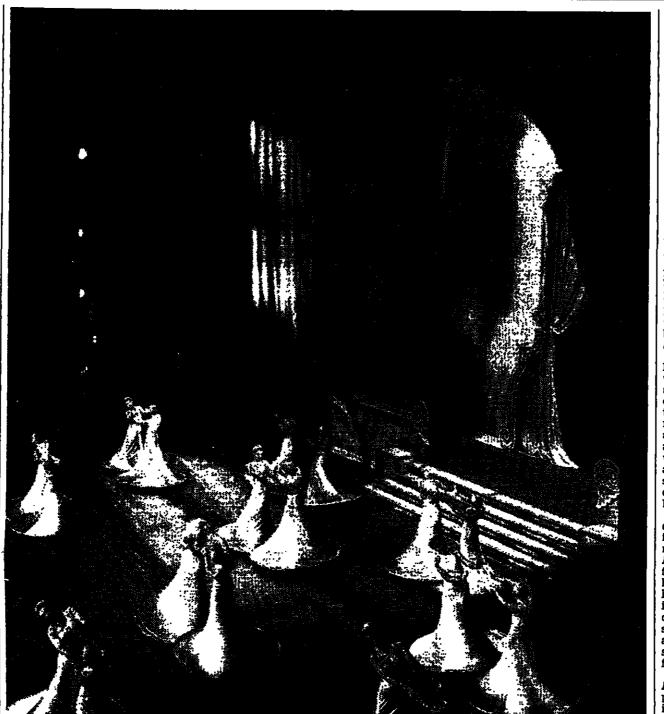
Johnson details the early pratfalls of Bill Clinton's administration but seems to find this president very much in tune with middle America, with ordinary folk who have been chastened by the gung-ho market worship of Ronald Reagan and his business backers and who now yearn for old community values. They talk less about their rights, more

about their duties.

A judge in Oakland, California, says of the homeless: We used to recognise that we have a moral responsibility to these people. Now the idea seems to be, if I can make it, they can make it." A woman welfare officer in Maine who resigned in protest at cuts says: "I've always seen myself as a public servant, and now I don't have that any more, so I'm not sure what I am. That brings tears to my eyes.

Americans, the rest of us, may derive morbid pleasure from wallowing in their own problems and no doubt Johnson, in this sequel to his book on the 1980, Sleepwalking Through History, found it all too easy to gather the testimony he wanted. Yet his interviewees' comments are too striking, their message too persistent to be dismissed as

mere grumbling. There is a danger of repetitiveness as well as bias in this form of instantaneous history. But the author's knowledge of the political and economic story, his command of supporting facts and the doggedness of his quest add up to a convincing and by no means uniformly depressing snapshot of the American mood. If these citizens are typical. Americans have learned to express what it is they need, not merely what they want. Perhaps they will now persuade Congress to banish the lobbyists and let a reforming president get on with the job of providing it.



The Silver Hoop Number at the Roxy Theater, New York, photographed by Jack Partington in 1938 - from "The Fugitive Gesture: Masterpieces of Dance Photography", from classical ballet and can-can to the Lindy Hop, by William A. Ewing (Thames and Hudson £16.95 peperback, 240 pages)

Diarist with a dramatist's ear

J.D.F. Jones on Alan Bennett, thirty years on

be chuffed to read his publisher's announcement on the jacket of Writing Home that he is "one of Britain's best-loved writers". From Beyond The Fringe to National Treasure in 30 years! The journey from a Leeds butcher's shop to the trendiest intellectuals' street in London surely goes to prove what a splendid, upwardly-mobile country this can be. "Bestloved "? Oh dear . . .

It helps, of course, if you have a wonderful talent to go with the sort of determination and sheer hard work that you cannot quite hide beneath the timid, cardiganed image. Bennett, now an unbelievable 60, is a great wit and a playwright and a performer and a diarist, working in theatre, television and print with almost equal skill, and he deserves every bit of his celebrity (not to mention

Britain's love). Writing Home is a compenlium. It contains a selection from his diaries of the 1980s, repeats of his pieces in the London Review of Books (most famously The Lady in the Van. his memoir of nutty Miss Shepherd, whom he allowed to park in his garden for 15 years), and odds and sods of journalism, scripts, reviews, plus one-off appearances like his brave ech at the memorial service

for his friend Russell Harty. Because much of Writing Home has already appeared in print elsewhere, most attention is going to be paid to the extracts from the diaries. Bennett has been keeping a regular if not daily journal for 25 years, of course; these pages from 1980 are no more than a careful selection. The extracts are invariably either very quotable or very funny, and often both - they are the sort of thing you are constantly tempted to read out to your companion - but I cannot help

lan Bennett must feeling that published diaries need to be complete, or at least much fuller than this, to achieve their full impact.

It used to be rumoured in N.W.I that the Bennett diaries would eventually be published posthumously and in full, in all their embarrassment and delight: Faber might remember that. This is, of course, just one way of my saying that we would like more of the same.

What we have on display here, not just in the diaries, are, first, a constant and magnificent wit (asked by the BBC for a comment on Pinter's 50th

WRITING HOME by Alan Bennett Faber £17.50, 417 pages

birthday, he thought, too late, of proposing a two-minute silence; Lady Ottoline Morrell is described as "well-to-do and six foot two"; of Philip Larkin, 'Schweitzer in the Congo did not derive more credit than Larkin did for living in Hull").

Second, there is the English

class thing, which includes

nostalgia, nervousness, a sense of deprivation ("Class isn't what it was; or nowadays perhaps people's embarrassments are differently located"). There goes with this the gift of a particular detailed memory - see his recollection of the childhood experience of a Leeds tram ride. And for Bennett. timidity apparently goes with apprehension, sometimes expressed with alarming candour: "My nightmare when blackberrying (or when I stop the car for a pee) is that I shall find the body of a child, that I will report it, and be suspected of the crime". Behind all this there is an instinctive radicalism. The Gibraltar shootings and the Falklands war figure largely in the diaries: he knows, and explains, how,

why, he hates, loves, England. Always, there is the drama-

tist's ear for quotation: "I am having supper at the Odeon (New York) when word goes round the tables that John Lennon has been shot. This country of ours, sighs my waiter. 'May I tell you the specials for this evening?" The dramatist moves, inevitably if incongruously, among the good and the great - "Supper with the Waltons and Russell Harty. Wm Walton has asked me to write a companion piece for his one-act opera The Bear ... More interesting, on a later occasion, "Liz Taylor perched momentarily on my knee (and pretty uncomfortable it was

The serious point Bennett makes in his Introduction is to describe a tension between what he calls the metropolitan and the provincial modes in his writing; he puts this, rather movingly, in an anecdote of an absurd encounter in a Leeds street between his mother and T.S. Eliot (she is later told by her son of the Nobel Prize -"I'm not surprised. It was a beautiful overcoat".)

He seems to think that he has not yet closed the gap between his provincial (i.e. northern) and his metropolitan voices. I think he is wrong, and that if he never wrote another word, after Forty Years On, An Englishman Abroad, A Question of Attribution, Talking Honds The Madness of Genera III. and all the rest, not forgetting his original creation of Mark Boxer's The Stringalongs, he would be remembered as one of the very few writers who spoke for our mixed-up generation. He practises compassion as well as wit.

Like this. His mother had Alzheimer's towards the end; he would visit her in Weston-super-Mare. "There are sheep in the field. 'I know what they are,' she says, 'but I don't know what they are called.' Thus Wittgenstein is routed by my mother". Wonderful.

Leviathan of the 17th century

A.C. Grayling hails the writings of Hobbes; philosopher, scientist - and chrysanthemum

frosts"; which means that early developers fade early whereas late developers go from strength to strength. This is an and philosophical event. There optimistic saying; there is hope are letters here between Hobbes and - among many others - Pierre Gassendi, John for us all yet. Hobbes was a chrysanthe-Aubrey, Marin Mersenne, Gottmum. At the age of 46 he fell in fried Leibniz, Cosimo de Medlove with geometry, and suddenly blossomed into an intelici, and King Charles II, whose mathematics tutor Hobbes had lectual giant; despite Parkin-son's disease later, and been. Almost half have not preperhaps because he sang to viously been published. They himself every night as a way of keeping fit (he said it cleared his lungs), he lived to the open a window onto many aspects of the 17th-century world; anyone interested in history, literature, politics, phi-losophy and the history of sci-

Chinese saying tells us that "orchids fear the Taylor-bird's

song, but chrysan-

themums survive autumn's

birth of modern times. These two volumes constitute the first ever collection of Hobbes's known correspondence, and their publication is therefore an important literary

of a year in the life of a remote.

unnamed New England village.

It begins with a flurry of inte-

rior monologues and colloquial

they are talking about.

avid Mamet's first

novel is an assured.

impressionistic.

unhurried account

grand age of 92, producing sci-

entific, mathematical and phil-

osophical works which had a

profound influence upon the

engages with the world outside the academy. Noel Malcolm. political correspondent on the Daily Telegraph and sometime College, Cambridge, has done an outstanding job of transla-ting all the Latin, Greek, French and Italian in the correspondence, providing excellent introductory material and biographical notices of Hobbes's correspondents. A reading of the letters and this elegantly written apparatus amounts to an education in the history of

ence will find them utterly absorbing.
The editor of these hand-some volumes is a man whom 17th century thought.
Hobbes's most famous work is unquestionably the Levia-Hobbes and his correspondents than, his great treatise of political philosophy. This work, would have recognised as someone of their own stamp: a together with the scientific and fine scholar who nevertheless psychological theories he

CORRESPONDENCE OF THOMAS HOBBES: VOLUMES I AND II edited by Noel Malcolm Oxford University Press £120, 1008 pages

developed in connection with made him celebrated throughout continental Europe, but a figure of obloquy in his own country - partly because of the virulent anti-clericalism of his ideas, which made him seem an atheist, but also because the conclusion of his political theory is an uncomfortable one; namely, that the best form of govern-

ment is absolute rule by a single sovereign power. Hobbes based this theory on his view of human nature, of which he took a deeply pessi-mistic view. Humans, he said, are greedy, selfish and distrustful, and will prey upon one another unless they are restrained by fear of a coercive power. Civil society comes into existence to give people protection against each other, each individual yields up, by con-sent, some of his liberty in return for security. But the logical terminus of this, Hobbes argued, is that full security is best achieved if there is a sin-

gle absolute sovereign exercis-

ing power over all. The sover-

eign power might be a

collective body, like parlia-

ment, or a monarch. Hobbes preferred the latter, on the grounds that a monarch will not be weakened by internal divisions, as might happen in a collective body. By postulating human

nature rather than religion or tradition as the ground of civil society, Hobbes thought he had moved political theory into the realms of science. His ideas provoked strong resistance in many quarters, but his methods proved influential; his reliance on reason and experience helped to free subsequent philosophy from its thraldom to scholasticism and theology.

It is one of the oddities of national temperament that whereas Hobbes's continental friends - many of whom, like

Gassendi, were priests - were tolerant towards his attacks on religion, in England his views were regarded with horror. In 1666, after the plague and Fire of London, people began looking for reasons why God was punishing England, and a flurry of heretic-hunting began. A parliamentary com-mittee considered a bill "against Atheisme Blasphemy or Prophaneness... And in perticular... the booke of Mr Hobbes called the Leviathan" Hobbes was saved from this threat, probably by Charles II, who was fond of him; but his reputation as a maverick

remained.
Interest in Hobbes has been steadily reviving in recent years, and Malcolm's magnificent edition of his correspondence will help to spur that with Hobbes to appreciate his achievement; failure to under-stand this fact is one of the reasons why England is often so slow to applaud its own.

Fiction/Geoff Nicholson

Seeking myth in dirty realist territory

dialogue from unknown and undescribed characters. The protagonist, but gradually we conversations are so oblique. and Mamet is so determined Dick, who owns the local hardnot to make life easy for us. ware store and is going slowly, that the initial effect is like tortuously bankrupt; Henry, a newcomer to the village whose being at a party where nobody talks to you and nobody bothhead is full of new man, New Age confusion; Maris, a youthers to introduce you to the ful, sexual free spirit who other guests. This can be irritacomes to a nasty if inevitably ting, not to say downright ambiguous end. And there is a infuriating. But eventually the full supporting cast that reader finds a point of access, includes wife-beaters, gun starts to feel at home and to know who's who and what This is, as it were, an ensem-

enthusiasts, hunters and story-The novel is set in an unspe-

ble piece and there is no single crified, though strangely dated protagonist, but gradually we get to know the characters: crified, though strangely dated and nostalgic present. Characters ters have phones and pick-up yearning after something quite achieve that mythic trucks for instance, but if there are computers or televisions or fax machines then nobody talks about them. Nobody goes to the movies or listens to popular music, which is a shame in some ways because these people would learn a lot about themselves from watching, say, The Last Picture Show or from listening to almost anything by Bruce Springsteen. There are times when we

mythic rather than realist. We have little sense of an outer

> THE VILLAGE by David Mamet Faber £14,99, 238 pages

world. We do not know who the president is or what stage the cold war is at, but Mamet's point would no doubt be that his characters' lives are little appear to be in standard dirty affected by such niceties, that dimension, and perhaps that is largely because he wants it so badly. The strain sometimes

Of course, Mamet's dialogue is a wonderfully ornate and artificial approximation of real speech (I was remined of Ivy Compton-Burnett), and the detailed precision of his prose can sometimes sound like stage directions, but this is not some dilettantish piece by a successful Broadway and Hol-

lywood writer flexing his muscles in a different genre. At a time when so many novels read like raw material for the movies, Mamet has found exactly the right form for what he has to say.

The best parts of the book are a series of virtuoso small scale set-pieces: a man chops wood; the same man gets lost while trying to ski home through the snow; a State Trooper has to tell a father that his son is dead: a hunter stands all day in one spot waiting for the eventual and

certain arrival of a deer. However, much as one can delight in these scenes, the reader is left surprisingly unengaged by characters and events, a lack of engagement that Mamet himself seems to share. He displays an icy detachment from his creations. He may be God-like but he is distinctly unaffectionate. The end result is a novel that it is easy to respect but very difficult to love.

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Christian Tyler

Stuart Marshall looks at all the prototypes, dotty and practical, at the Paris motor show

Paris Mondial de l'automobile that opened this week? Is it an exciting but dotty Renault Espace incorporating a lot of Formula 1 racing car parts and claimed to be the world's fastest four-seater? Or is it Xanae, a concept car described by its builder. Citroen , as "a house on wheels"?

The 186 mph/300 kph Espace F1 has a mid-mounted Renault V10 engine from the 1992 and 1993 World Championship winners, a semi-automatic six-speed gearbox and Williams racing car rear sus-

Renault says, tongue in cheek, that this first F1 fourseater offers a "never to be forgotten motoring sensation". I am sure it does on a race track. One hopes no-one is ever tempted to stretch its legs

on a public road. Unlike so many concept cars which burst upon the motor

hat is the show scene like comets and star of the then disappear just as quickly. then disappear just as quickly. Citroën's Xanae (you say Zaneye-eh) is a practical running prototype. It has the same chassis platform, 20-litre, 16valve petrol engine and automatic transmission as a Citroën Xantia. The suspension incorporates the active roll limitation system that impressed me so much when I tried it a few weeks ago (this

> conventional than state of the art, the body bristles with bright ideas. Although at 423 cm (almost 14 ft) overall the Xanae is shorter than a Xantia and only a little longer than a ZX, up to five people find it spectacularly roomy inside.

The floor is completely flat and the body pillariess. When a front door and rear-hinged back door are opened, nothing obstructs people getting in and out. The minor controls are in a height-adjustable cluster on the steering column. A windscreen as steeply

column, 24 September). If the mechanicals are more

> slanted as that of a French TGV train extends into a transparent roof panel. Xanae would not, as one might suppose, become insufferably hot on a sunny day because the glass is heat reflective and air conditioning is

Citroën side-steps questions on whether Xanae will evolve into a production vehicle, saying it was created to test public reaction to new vehicle

Elsewhere in the show there are four MPVs (multi-purpose vehicles), jointly developed

He loves the adulation from

the public - the blue-rinsed old

ladies, the housewives in bare

feet the classes of schoolchild-

ren cheering at the side of the

road - and they love to idolise

him even if they fail to identify

him. "Which one is he?" cried

a woman in the doorway of a

hairdresser's as the caravan of

tracksuited figures marched

As Botham passes

women wail:

'Oooh, I'll give a

fiver for a kiss'

minutes" over a loudspeaker.

Mike Gatting is accompany-

ing Botham for two weeks and

takes on the task of directing

the traffic that builds up

behind the entourage. At din-

ner that evening, he is fined

50p for impersonating a

Other helpers dish out food

at regular intervals (there is no

stopping even to sign auto-

graphs until the day's destina-

tion is reached). People with buckets rush about collecting

loose change from pedestrians

and motorists and a mobile bank follows behind to stash

away the takings of about

Botham's wife, Kath, beavers

away ensuring everything runs smoothly. She is the only per-

with Fiat and made by PSA (Peugeot-Citroën Group). These MPVs are sold, badged as Citroëns, Fiats, Pengeots and Lancias, as "monobox" alternatives to normal large estate cars.

In three or four years, I could see a car based on Xanae

fitting nicely into the PSA product range below these MPVs and above the Citroën Xantia and Peugeot 306.

The only obvious drawback to Xanae is an intimidatingly high sill that would put the roomy but deep boot out of bad back - or is afraid of get-

Ford is also showing a concept car based on an up to seven-seat MPV it has jointly developed with Volkswagen and which goes on sale next

Zero emission vehicles are due to appear soon in Californian showrooms to satisfy environmental protection leg-islation. Things have not gone that far in Europe. But even here the battery-electric car is moving from the impractical novelty stage into small-scale production. It will, though, be some time before they are sold in dealerships alongside petrol and diesel cars. At the Paris show, Peugeot

has unveiled Ion, a 3.32 metre (130.7 inch) long, four-seat battery-electric concept it thinks might be the ideal urban runabout of AD 2000. Like the Pengeot 106 and Citroen AX electric cars now being evaluated on a large scale in France, Ion has a nickel-cadmium battery pack giving it a range of up to 150 km (93 miles). Peugeot says Ion is only an exploratory project. but concedes that some of its interior and exterior styling ideas will be incorporated in a future town car. Britons may get a chance of seeing lon at our own International Motor Show in Birmingham later this month.

Among cars being unveiled to the public at Paris are a stunning Alfa Romeo GTV Spider (successor to the car immortalised by Dustin Hoffman in The Graduate) and the new Jaguar XJ saloons and their high-off-the-ground, four-wheel driven counterparts, the luxurious new Rauge Rovers. Aston Martin has the first of its rayishing DB7s due to be delivered to a French buyer as the centerpiece of its stand.

Nissan and Honda are making a splash with their new QX 2.0-litre and 3.0-litre V6-engined executive saloons and Civic five-door hatchbacks respectively. Ford's odd looking Scorpio replacement is there, as are two desirable Porsches - a new 911 Carrera 4 with all-wheel drive and a rear-wheel drive 911 with gear selection for its Tiptronic transmission by thumb button on the steering wheel.

Mondial de l'Automobile at the Porte de Versailles exhibition complex is open until 16

Cricket

In a giant's footsteps

Simon Hughes treads carefully as he follows Ian Botham down the road north Wales where I joined

him last week. Even in the

middle of the night he likes

Once, when we were both

playing for Durham we were

staying in a Nottingham hotel.

was asleep in a single room -

a luxury on county cricket's

relentless circuit. At 2am the

"Hi Yozzer, it's Beefy. Fancy

phone went.

ask, is Ian Botham up to these days? Here is a quick resumé. He is trudging around the west coast of Britain for a month raising funds for leukaemia research. He will let the blisters calm down for a week, then he is off to Australia and New Zealand to promote his book. My Autobiography, before appearing alongside Rolf Harris in pantomime at Wimbledon. He will play one of Baron Hardup's men in Cinderella. Then he will change into his favourite ieans and T-shirt for a speaking tour of various countries with Allan Lamb. Then it will be summer again. "Basically there's not a spare day in the diary until about June," he

But then Botham would not be Botham without activity (his name has even been used as an eponym - viz "I was so angry I went totally Botham") and he needs people around him; on the cricket field, by the

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Killiney Bay

some Burgundy in my room?"
"But it's the middle of the night." I complained. "I'm in the next room," he replied. "If you don't turn up river bank, on the B-roads of 📶 kick your door in."

So I did as I was told, and sat bleary-eyed, sipping and nodding for an hour or so while he

bottles. It has been said that Botham is either your best friend or your worst enemy, and that really is the gist of it. There are no grey areas - things are either black or white. Be loyal to him and he will be loyal to you, but tread on his toes and he will stamp on your head. I was very careful of his feet last Wednesday. They are

doing nearly 5 mph for 22 days as he wends his way round the British coast from Liverpool to Somersetand one frightening **N** AGEDI sore - about the size of a bath plug - had formed on his right heel. This is hardly surprising 7/9 Bd des Moulins MC 98000 Monaco Tel 33-92 165 959 Fax 33-93 501 942 considering the speed he walks and the number of paces a day about 36,000 by my calculation. (Two years ago Gary Lineker walked with him but could not keep up, footballers

are, of course, only used to 90 minutes exercise at a time.) During the course of this, his seventh trek round the towns and villages of his homeland, Botham completed 3,000 miles and passed the £3m figure for sums raised on behalf of leukaemia research. Why does he do it? Heroism, insanity and compassion might be a reason-

son who really knows him; his one true, totally forgiving Over-zealous women almost able summation.

swoon as he passes, others

rush up waiting "Ooch, I'll give a fiver for a kiss." Journalists who privately ridicule him dare not do so in print. If you make fun of his portly appearance or poor timekeeping, he returns it with interest. Any mockery is repelled with the usual "well, how many test wickets did you take then?" He enjoys the banter and he rarely

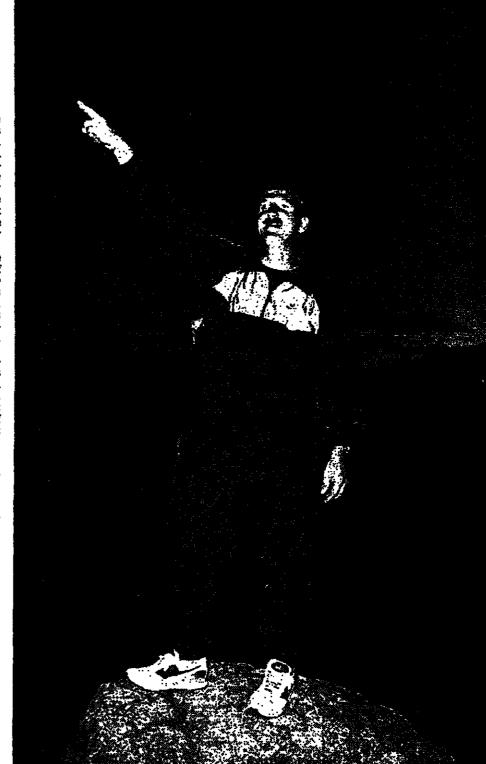
comes second. Botham's support cast of Underneath the incredible hulk, with calves the width of dedicated volunteers ensures sewage pipes, there is genuine the success of the campaign. Two friends set up a stall to sell merchandise ahead of the humility. On the walk he looks after ailing colleagues and party, while Gerry, his makes good-natured sounds father-in-law, announces that and motions whenever some-"the greatest sportsman in the one drops money in the bucket, world will be passing in five no matter how much. His autobiography

seller, contains laborious accounts of test series with precious little insight - it is a feature of great sportsmen that they have poor recall of momentous achievements. But among the chaff there are touching, emotional passages about his family and friends, and the remorse he feels for everything he has thrown at his wife, mentally and physically. How has their marriage withstood those 20 years of

trial and torment? "The answer is: it's all down

to Kath," he admits. The public support he receives on his travels underlines the fact that he is truly a people's hero. To them, his mistakes, his relatively humble background, his occasionally misdirected impulses make him seem more human, and therefore more likeable than a Nick Faldo or a Nigel Mansell.

Some elements of the press seem him in a different light, and write things that some times turn him purple with rage. At such times he would be wise to remember the words of Dr Johnson: "A fly sir, may sting a stately horse and make him wince. But one is but an insect, the other a horse still."



On the road again: Ian Botham starts another

Mark Service

15:00

Chara.

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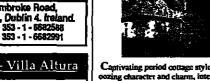


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emporary greens and Astroturf are the sorts of things that municipal golfers reluctantly accept as being part of the territory. The last place one would expect to find either inconvenience would be at two of the UK's great links courses. Yet the former has been part of life at Royal Birkdale for the last three years, while members of Carnoustie have become acquainted with the latter.

Both clubs have bad to take such measures to overcome a loss of prestige. At Birkdale, near Southport, in Cheshire, a problem with the greens came to a head at the 1991 Open when millions of viewers watched the world's top golfers putting on surfaces the colour of Ryvita. Several players thought they were about as smooth as Ryvita too.

"If you want consistent greens you'll have to dig them up and start again," Payne Stewart said.

At Carnonstie, some 30 miles north of St Andrews, on a harsh and exposed piece of land hard against the North Sea, the course, under the stewardship of the local district council, had fallen into a sad state of neglect. It used to be said that St Andrews, on the edge of the old university town, had the setting and Car-

Return of the missing links noustie, bordered by a whis-key distillery and a large council building, the golf course, but the great links at experts. Arnold Palmer, the club's honorary president. even sent over his senior

Carnoustie came to match their run-down location. Things have improved at both courses. Birkdale took Stewart's advice, which is why the members have been putting on temporary greens for

three years. At Carnoustie, the council head-hunted the St Andrews greenkeeper, John Philp, and gave him money to spend and a free hand to improve matters. The result is that Carnoustie will host next year's Scottish Open and the Open, for the first time in 24 years, in 1999. The course is in such good condition that it puts a certain place down the road, the venue for this week's Dun-

hill Cup, to shame. The members have even grown used to carrying a piece of Astroturf round with them from November to March. To protect the fairways, they place their ball on the artificial turf.

Smith, the secretary, said. "A lot of members were unhappy at first but when they saw how good the fairways looked in March they did not mind so

Indeed the powers at St Andrews were sufficiently

The cure involved peeling back the putting surface and digging out the black layer. With the greens out of action

Derek Lawrenson visits two great courses which fell on hard times

impressed to adopt a similar policy this winter on the Old Course, where the fairways are in a poor state.

The Open returns to Birkdale in 1998, when the players will find putting surfaces quite different to those they experienced in 1991. "The problem was caused by

the residue of incorrect top dressing materials used over a period of time," said secretary Norman Crewe. This had caused a black layer to form under the surface which choked off the roots and prevented any consistent growth.

anyway, the club took the Opportunity to change their character as well.

Said Crewe: "Some of them were really nothing more than tough pieces of land at the end of the fairways. So now we've added some contours to some of the flatter ones to make it more aesthetically pleasing and obviously harder on which

to hole putts." The difference is instantly obvious on greens such as the par-three seventh, which used to be shaped like a saucer, so a player could invariably get away with a poorly struck like an upturned saucer and so sheds such a stroke rather than gathering it in.

The work on all 18 greens, at a cost of £270,000, was completed last winter and after one growing season they are still not perfect. "We're quietly confident we've got it right," Crewe said. "All the work practically

cleaned us out. Now we have to build up the reserves again," Crewe said. There is little question the visitors who stayed away while the root construction work was being carried out will return. Green fees may be £50 but there are not many better places to play

The same, of course, can be said of Carnonstie, although it would be nice if one of the many grand plans to so something about the setting finally came to fruition. Will someone not rid us of the abominable council building that stands where a clubhouse normally does and serves little purpose? Unlike Birkdale, the club had no need of large-scale

alterations, If necessary Carnoustie can be stretched to 7,400 yards, although on a cold, bleak October day last week, it was more than daunting at 500 yards short of that.

At the turn of the last century the great players that a great links so often produces left Carnoustie and headed west for America and played a part in the development of the game there. Two brothers, Willie and Alex Smith, wor the US Open while Stewart Maiden taught the game to Bobby Jones, who many believed to be the greatest of

all players. As we approach the end of this century, it is the turn of the great players to come back to Carnoustie. What a treat lies in store for those who, because of its years of enforced absence, have not have seen the course.

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30 Qh6 Qd5+ 31 e4 Qxe4+ 32

Kh2 Resigns, A PCA-FIDE truce is nearer

after the sudden switch of next

month's chess olympics from

Thessaloniki to Moscow. The

Russian Chess Federation,

guided by Kasparov, put up a

SFrim guarantee to save the

event in which both Kasparov

and Short may now play. The

Greek favourite to become the

next FIDE president has

declared that his priority is

No 1042

Anand v Karpov, Monaco 1994.

King, bishop and rook pawn

against king normally only

draw unless the bishop con-

走車

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peace with the PCA.

BBC1

· . . <u>-</u> -

12.12 Weather.
12.16 Grandstand. Introduced by Stave Focus: Preview of next week's inter-nationals. 1,00 News, 1,05 Football Focus: Preview of next week's inter-nationals. 1,00 News, 1,05 Football Focus, 1,20 Cycling: The World Mountain Bitte Championships from Vall, Colorado. 1,35 Racing from 'Ascot: The 1,40 Anglo African Hold-ings Autumn Stales. 1,50 Cycling. ings Autumn Stakes. 1.50 Cycling. 2.05 Recing: The 2.10 Princess Royal Stakes. 2.20 Motor Racing: Behind-the-scenes look at Formula One, 2.30 Rugby Lague, 2.35 Rac-lng: The 2.40 Bovis Handicap ng: 10t 2.40 Dows Handscap Stakes. 2.50 Rugby League: Wigen v Australie. Live coverage from Cen-tral Park. 3.45 Football Half-Times. 3.55 Rugby League, 4.40 Final Score. Times may vary.

5.25 Regional News and Sport.
5.30 Stave Wright's People Show.
5.10 Bruce Forsyth's Generation Game.
Bruce Forsyth and Rosemane Ford host another addition of the tun-filled

7.10 Challenge Asinelia. Action-woman Anneka is given the daunting task of launching Britain's newest TV channel, Youth Cable Television. casualty. Two homeless teerage girts and up in hospital after being drawn into the seedy world of pros-titution, and a young executive's 8.00 Ca audden collepse reveals a dark hid-den secret. Mike Berratt causes resentment by refusing to confide in Ash. Starring Clive Mantie, Patrick Robinson, Ian Bleasdale and Jane

8.50 News and Sport; Weather S.10 News and Sport; Weather,
 S.10 Film: Weekend at Bernie's. Two
 aspiring accountants are invited to
 their playboy bose's beach house –
 only to discover he has been mundered. Slapstick comedy, with
 Andrew McCarthy (1989). 10.46 Match of the Day. Desmond Lynam introduces highlights of two top matches in the FA Premierable, plus

goals from the day's other garnes. 11.45 The Danny Baker Show. 12.30 Film: Fever Pitch. An investigative journalist tries to expose lilegal gam-bling in Las Vegas - but soon fails under the spell of the world he has entered. Drama, with Ryan O'Neal (1985). 2.05 Weather 2.10 Close.

BBC1

7.25 The Man from U.N.C.L.E. 8.15 Breakfast with-Frost. 9.15 Decisions. 9.30 This is the Day. 10.00 See Hear! 10.30 The Franch Experience. 10.45 Easy Money. 11.90 The Eleventh Hour.

Britishack.

Junior Masterchef. Danny Baker and Darina Allen Judge the culinary creations of contestants from South-ampton, East Sussex and Hamp-

4.30 The Great Antiquee Hunt. Enthusi-astic amateurs visit Glasgow, where they evaluate Scottish silver, and explore a house designed by Charles Rennie Mackintosh. Last in

5.15 Liteline.

5.25 The Clothes Show. The 1994 British Fashion Awards, a star-studded
celebration of knitwear, accessories,
glamour, and high-street designs.

6.05 News. 6.25 Songs of Preise. More than 40,000

7.00 Children in Need: The Countdown

appeal. 7.10 Lovejoy. Charlotte is kidnapped by

7.10 Loveloy. Charlotte is kionapped by a recently released Broadmoor patient harbouring a grudge against Loveloy. Light-hearted drama, starring lan McShane.

8.00 Birds of a Feather.

8.30 Seaforth. New series. Epic love story set in the 1940s, following the rage-to-riches rise of a handsome Yorkshire rooms, and his relationship.

10.05 News and Weether. 10.20 Heart of the Matter. Report on the

10.20 Heart of the Matter. Report on the current boom in surrogacy, revealing the increasing number of mothers deciding to lesep their babies.

10.55 International Dancing.

11.36 Ring of Scorpio, First of a two-part drama about three Australian women whose tentifying past returns to haunt them. Caroline Goodal, Catherine Ocenberg and Linda Cropper

Roache sters.

325. 1.15 Weather. 1.20 Close.

Yorkshire rogue, and his relationship with a beautiful wealthy girl. Linus

people congregate at Manchester United's football ground, Old Traf-ford, to hear music by the Band of

Begins. New series. Terry Wogan, Sue Cook and And Peters reveal

the final total for 1993, and preview the events planned for this year's

Her Majesty's Royal Marines, Ports-

12.00 CountryFile. 12.25 Weather for the Week Ahead;

12.30 On the Record,

2.50 Tom and Jerry.

1.30 EastEnders.

sories. 5.15 Lifeline.

mouth.

BBC2

8.05 Open University. 10.00 Chanekye (English sub-titios). 10.40 Network East. 11.10 Style Today. 11.50 Film 94 with Barry Norman. 12.20 pm Films The Backet.

1.45 The Phil Silvers Show.

2.10 Timewatch. Investigation into capi-tal punishment in Britain, including the memories of hangmen once employed to assist in the execution of convicted criminals.

3.00 Film: They Were Expendable. The commander of a torpedo-boat squadron resolves to play a more active role in the second world wo Drama, starring John Wayne and Robert Montgomery (1945).

5.15 Late Again. Highlights from last week's Late Show features.

5.55 TOTP2, .

6.35 What the Papers Say, Jane Thynne reviews the week's news stories. 6,50 News and Sport: Weather.

7.05 The Health Business: A Public Eye Special. Report on the future of the NHS in the light of recent radical changes in the way hospitals are

8.05 The Director's Place. Controversial film-maker Dusan Makavejav's experimental fusion of drame, documentary, sex and politics in such productions as WR: Mysteries of the Organism, Sweet Movie and Monte-negro, resulted in his edile from his native Yugoslavia in 1973. In this humorous profile, he is given a new image in San Francisco and me his agent by a Los Angeles pool.

9.00 Knowing Me, Knowing You - With Alan Partridge. 9.30 Elizabeth R. Fourth part of the suard-winning drams chronicing the reign of Elizabeth I, Mary Queen of Scots is imprisoned at Chartley, while Elizabeth ponders her fate. Starring Glenda Jackson, Vivian

Pickles, David Collings and Stephen

11.00 The Moral Maze. A selected panel es topical dilemmas.

11.45 Film: Pursued. Psychological Western, starring Robert Milchum as a revenge-seeking cowboy who inadvertently causes a tragedy in his adopted family (1947).

BBC2

7.30 Blinky Bill, 7.55 Pteydeya, 8.15 Blood and Honey, 8.30 Moomins, 8.55 The Busy World of Richard Scarny, 9.20 Bliss, 8.35 Conen the Adven-turer, 19.90 What's That Noise? 19.25 Grange Hill. 19.55 Growing Up Wild, 11.20 Bay Chy, 11.45 The O Zona, 12.00 Cuantum Leap, 12.46 pm Snowy River: The McGregor Segs.

1,30 Amazor: The Flooded Forest, Part

2.20 Special Friends. The close friend-

surrerars.

3.00 Happy Birthday, LSOI Gala celebra-tion of the London Symphony Orchestra's 90th anniversary, con-ducted by Michael Tilson Thomas,

5.15 Rugby Special Highlights of North-

other club matches around the

country. 6.15 One Man and His Dog. English

Lake District.
7.00 The Money Programme. Reporter

pete with British Gas.
7.40 The Car's the Star. An affectionate

strike-riciden 1970s.

the gang.

SATURDAY

portrait of the Austin Allegro, pro-duced by British Leyland in the

Placido Domingo's Tales from the

Opera. The tenor's performance in the spectacular Carlos Gomes 19th century masterpiece il Guarany, an

Beria, Statin's chief of secret police, who murdered and manipulated his

why to power, eventually becoming head of the USSR's atomic weapons programme. Featuring testimony from Beria's colleagues and victims, who talk for the first time on TV about the rise and fall of this feared

figure. Film: Mississippi Burning. Drama

about racism in America's Deep South, starring Gene Hackman and Willern Datoe as FBI agents out to solve the murders of three civil

epic story of love and heroism set in Brazil. Last in series.

9.00 Monty Python's Flying Circus.
More vintage surreal sketches with

9.30 Reputations. Profile of Lavrenti

Str Colle De

two. The waters begin to recede after six months of fooding, allowing a variety of creatures to take up residence on the forest floor.

ship between two Down's syndrome

povich. Simultaneous broadcast with Radio 3.

ampton v Hariequins, plus news of

handlers Derek Scrimgeour, James Gill and Dennis Hudson compete in

the third heat from Buttermers in the

Nils Blythe meets independent gas suppliers who claim they can cut household bills if allowed to com-

1.25 Fast Forward. 1.55 Close

SATURDAY LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Disney's The Lion King Film

1.00 ITN News; Weather.

1.05 London Today; Weather. 1.10 Movies, Games and Videos.

Reviews of Tom Hanks' box-office success Forrest Gump, and action movie spool Hot Shots: Part Deux, starring Charlie Sheen.

1.40 WCW Worldwide Wrestling. 2.30 Saint's Soccer Skills. New series. Ian St John presents soccer tips for

youngsters. 2.50 Life Goes On.

9.50 Burke's Law.

4.45 ITN News and Results; Weather. 8.05 London Today and Sport,

5.20 David Hasselhoff's Baywatch, The star chooses and introduces a comoliation of his favourite mome from past episodes.

6.10 Gladiators.

7.10 Stind Date. Cite Black plays Cupid to another group of hopefuls vying to be whisked off on a romantic trip 8-10 Family Fortunes. The Myers family from Kent and the Rathmills of Cheshire compete for the £3,000 jackpot and a new car.

8-40 ITN News: Weather. 8.55 London Weather,

9.00 Film: Lethal Weapon. Mei Gibson stars as an unbelanced Vietnam veteran-turned-cop who learns up with a new partner (Danny Giover) to smash a victous drugs cartal. Thriler, with Gary Bussy (1987).

11,00 Film: Dreams of Gold: The Mai Fisher Story. Fact-based crama about a tressure-hunter's 17-year search for the wreck of a Spanish galleon. Cliff Robertson stars (TVM 1986).

12.35 Love and War. 1.05 Tour of Duty.

2.00 Get Stuffed; ITN News Headlines.

2.05 The Big E. 3,00 European Nine-Ball Pool Masters.

4.00 Get Stuffed; ITN News Headlines.

SUNDAY

 LWT

1.00 ITN News; Weether. 1.10 Welden. Brian Walden intervie

2.00 COPS.

2.00 COPS.

2.00 Saint's Soccer Skills, ian St John

and celebrity guests present soccer tips for youngsters.

2.40 The Sunday Match. New series. Stoke City v Luton Town. Jim Rosenthal introduces tive First Divi-

gabriel Clarke.

6.00 Pather Dowling Investigates. The religious sleuth is accused of their and murder when his evil twin

into a phoney Investment scheme. 6.00 London Tonight; Weather. 6.20 ITN News; Weather. 6.30 Dr Quinn: Medicine Women. Dr

7.30 Heartbeat. Police drama, starring Nick Berry. 8.30 You've Been Framed! 9.00 London's Burning. The crew tack-les a blaze at a city farm, Sicknote

10.30 iTN News; Weather. 10.40 London Weather. 10.45 The South Bank Show. Vanessa

in workshop sequences, including one alongside her late father, Sir Michael Redgrave.

11.45 You're Bookadi Review of Closing Time, Joseph Heller's follow-up to Catch-22. Plus, interviews with Dame Barbara Cartiand and Raymond Briggs.

12.15 Cue the Music.

1.15 Married - With Children.

1.45 Get Stuffed; ITN News Headlines.

1.50 Film: The Lives of Jenny Dolar. Crime tiriller, starting Shirley Jones (IVM 1975).

3.35 Get Stuffed; ITN News Headlines.

1-intiller, starting Didl Corn (IVM 1978).

Redgrave discusses her role as a transsexual in new film Second

Serve, and demonstrates her talent in workshop sequences, including

10.00 Hale and Pace.

5.25 Get Stuffed.

sion coverage from the Victoria

Ground. Commentary by John Helm and Dave Bassett. Plus, a review of yesterday's other matches with

brother tries to lure lonely spinster

Mike and Sully feel responsible when a typhus epidemic spreads at

the Chevenne camp. Jane Seymour and Joe Lando star.

befriends a stray dog and Kevin and Salty get physical. Ross Boatman

Redwood

8.00 GMTV. 8.00 The Disney Club. 10.15 Link. 10.30 Sunday Matters, 11.00 Moming Worship. 12.00 Sunday Matters, 12.30 pm Crosstatic London

Secretary of State for Wales John

4.05 The Magic Wolk.

CHANNEL4

5.00 4-Tel on View, 6.30 Early Morning, 9.45 Bitz. 11.00 Gezzetta Football Italia, 12.00 Sign Or; Degl World, 12:30 pm The Great Marstha (Engl

1.00 Film: it's All Happening. A talent scout helps save an orphanage -and becomes a star in the process.

Musical comedy, staning Tommy
Steele and Angela Douglas (1963).

2.50 Aif, Bill and Fred. Animated moral fable about friendship.

3.00 Racing from York. Coverage of the 3.15 Crowther Homes Handicap, 3.45 Rockingham Stakes, 4.15 Coral Sprint Trophy Handicap, and the 4.45 Kirkham Handicap States.

5.05 Brookside.; News Summery. 6.30 Right to Reply. Viewers' comments on recent TV programmes.

7.00 The People's Parliament, Debate The People's Parliament. Debate on the controversial issue of Irish unification, including interviews with Sinn Fein member Martin McQuin-ness. Last in series.

8.00 For Love or Money. New series, Nicholas Ward-Jackson discovers the obsessions of celebrity collectors. In the opening programme, Anna Chancellor searches for a Fortuny dreas in Venice, Sir David Attenborough reveals his passion for Victorian bird painter John Gould, and Bill Cetter life. and Bill Cotton discusses the appeal f Windsor chairs.

9.00 Brides of Christ. Drame set in the turbulent 1960s, about two young women who become nurs in a Sydney convent and soon find themselves at loggerheads with their conservative-minded superior. Star-ring Josephine Byrnes, Lisa Hensley and Brenda Fricker.

10.05 Rory Bremner: Who Else? New series. Satirical sketches and imper-sonations with the BAFTA-winning

10.45 Film: Raise the Red Lantern. A university-educated girl is sent to a feudal nobleman's home to become his newest wife. Moving, beautiful, grim Chinese drama set in the 1920s, starring Gong LI (1991).

1,00 Late Licence. 1-10 Herman's Head.

1.40 Let the Blood Run Free. 2.10 Wax on Wheels.

2.55 This is David Harper.

3,25 Packing Them in. 4.10 Close.

CHANNEL4

6.00 Bittz. 7.10 Early Morning. 9.46 The Odyssey. 10.15 Saved by the Ball, 10.45 Rewhide. 11.45 Little House on the Prairie.

2.45 Film: Do Not Disturb. An American

5.15 Film: Babylon 5. Feature-length pilot of the Emmy-winning SF drama about a five-mile-long space station and its human and alter crew. Mich-

ael O'Hare stars (TVM 1993),

dence casting doubt on American

astronomer Edwin Powell Hubble's

age of the universe, and calling into question the most fundamental of all scientific orthodoxies — the big bang

7.00 Equinox. Assessment of new evi-

iamous formula for calcula

8.00 Beyond the Clouds, Another chance to see Phil Agland's series of documentaries focusing on the lives of four families in the small Chinese city of Lijiang, (English subtities).

9.15 Film: White Hunter, Black Heart. Premiere, Cant Eastwood directs and stars in this adaptation of Peter Vierter's 1953 novel about the mek-

11.20 Hannatty: The Mystery of Desciman's Hill New evidence

ing of John Huston's movie The Afri-

can Queen. With Jeff Fehry (1990).

casting doubt on the notorious case of James Hanratty, who was hanged on April 4, 1962 for the A6 murder in

which a men died and a woman w raped and shot - an ordesi she miraculously survived. The pro-gramme includes statements and

12.38 Film: Sankofa, Halle Gerima's drame about an African model trans-

lano stars (1993).

2.55 Close.

6.10 Projucie

trial, suggesting both the verdict and a subsequent inquiry were grave miscarriages of justice.

ported back in time to the American slave plantations. Oyatummike Ogun-

4.40 Theobalds.

4.45 Belfast Lessons.

5.10 News Summary.

theory.

Musical biography chronicing the life and times of songwitter Gus Kahn. Starring Doris Day and Danny

executive relocates to London with his wife, who soon sends him wild with jealousy by firting with e Franch antiques dealer. Romantic farce, with Doris Day (1965).

12.45 Film: I'll See You in My Dreams

REGIONS

الرائيل <u>الرائي الرائية الثانية الرائيس والمنطو</u>ر الرائيس الرائيس الرائيس الرائيس الرائيس الرائيس الرائيس الرائيس

ITY HEGIOUS AS LONDON EXCEPT AT THE

ANGLIA: 12.30 Movies, Games and Videos, 1.25 Anglia News, 1.10 Nigel Mansell's IndyCar '94, 1.40 The Hindenburg, (1975) 3.45 Knight Rider, 8.05 Anglia News and Sport 8.55 Anglia Weather, 11.00 Marte's Lovers, (1984)

CHINTRAL: CRIMITINAL:
12.30 America's Top 10. 1.05 Central Noves 1.10
The Munisters Today. 1.40 Movies, Games and Videos, 2.10 Daily Duck, 2.15 The Fell Guy. 3.10
SesCluest Day. 4.00 WCW Worklavide Wrestling.
5.05 Central Noves 5.10 The Central Match. – Gools, Edg. 8.55 Local Weather. 11.00 Disney's The Lion Ring Film Permiser. 11.35 Psycho IV: The Seginning, (1990)

GRAMFIAN:
12.30 Spors. 1.05 Gramplen Headines 1.10 Tele-fice. 1.40 Elicaren Ionmhels. 2.10 Donnie Murdo. 2.35 Rocksport. 2.55 Diancy's The Lion King Flan Premiers. 3.25 Nigel Manself's IndyCar '94. 3.55 Superstant of Wreeting. 3.05 Gramplen Headines 5.10 Gramplan News Review, 8.55 Gramplan Weether, 11.00 Maria's Lovers. (1984)

GENAMASIA:
12.30 Movies, Garnes and Videos. 1.05 Granada.
News 1.10 Tip Top TV. 1.40 Disney's The Lion King.
Film Pramiers. 2.15 Nigel Mansal's IndyCar '94.
245 Rocksport, 3.05 The A-Team. 4.00 Superstars
of Wirestling. 5.00 Granada News 5.05 Granada
Goots Extra. 5.25 Cartoon Tens. 5.36 Ryan Giggs'
Connect Cité. 41 Am Madeir Loure, 11984 Soccer Sidils, 11.00 Maria's Lovers, (19

1717: 12.30 The Munsters Today, 1.05 HTV News, 1.10 Nigel Mansell's IndyCar '94, 1.40 1992 Underwater Hockey World Championships, 2.10 Carton Time, 2.20 Movies, Games and Videos, 2.50 The A-Term, 3.45 Knight Rider, 5.05 HTV News and Sport 8.55 HTV Weather, 11.00 Manla's Lovers, (1984)

11.30 COPS. 12.00 The ITV Chart Show. 1.05 Merklism News. 1.10 Best of British Motor Sport. 1.40 The Prince of Bel Air, (TVM 1966) 3.25 Cartoon Time. 3.45 Knight Fisier. 5.05 Merklism News.

12.30 Extra Time. 1,05 Scotland Today. 1,10 Felts, Hope and Celaralty. 1,40 Telefics. 2,10 The Man From Button Wilsow, (1985) 3,40 Sons and Despiters. 4,10 Take Your Pick. 4,40 Carbon Time. 5,05 Scotland Today 8,56 Scotland Weather. 11,00 Whoops Apocelypes. (1986)

TYME TEER: 12.30 Movies, Garnes and Videos. 1.05 Tyne Tees News. 1.10 The Fall Gay. 2.10 Carry On Teacher. (1959) 3.45 Kright Pider. 5.06 Tyne Tees Saturday 11.00 Texcesville. (1990)

WISTCOUNTRY: West Country 12.30 Movies, Games and Videos, 1.05 Westcountry News. 1.10 Nigel Mansel's IndyCar '94, 1.40 The Big Land, (1957) 3.30 Carbon Time, 3.45 Directure, 4.15 The Mountain Bike Show, 5.05 Westcountry News 8.55 Westcountry Westter, 11.00 Marte's Lovers. (1984)

YOPACAMANA. 12.30 Movies, Garnes and Videos. 1.05 Calendar Nava. 1.10 The Full Guy. 2.10 Carry On Teacher. (1953) 3.45 Knight Rider. 5.05 Calendar News. 5.10 Scoreline. 11.00 Texasville. (1990)

REGIONS

ITY REGIONS AS LONDON EXCEPT AT THE POLLOWING THESE:-

ANGLIA:
12.38 Bodyworks. 12.56 Anglis News. 2.09 Father
Dowling Investigates, 2.50 Kick Off 5.36 Heldown
8.05 Anglis News On Sunday 10.00 Hale and Pace.
10.40 Anglis Weather, 11.45 Street Legal.

CERTIFIEL

12.30 Central Newsweek, 12.65 Central News 2.00
Gerdening Time. 2.30 The Central Match – Live.
4.55 Hz the Town. 5.25 Father Dowling Investigates. 6.15 Central News 10.40 Local Weather.
11.45 Prisoner, Cell Block H.

GRAMPIAN: 11.00 Sunday Service. 11.45 Elson. 12.30 Gerden-

er z pary, 1.25 Grampian Heathers, 2.00 Scor-sport, 3.15 The Mountain Biles Show, 3.45 Highway to Heaven, 4.45 Pick a Number, 5.15 Movies, Games and Videos, 5.45 The Business Game, 8.15 Grampian Headlines 10.40 Grampian Weather. 11.45 Prisoner; Cell Block H.

12.25 Close to the Edge. 12.55 Granada News 2.00 Hot Wheels, 2.30 Seyonere. (1957) 5.10 Certoon. 8.20 Dr Quint: Medicine Womer. 6.15 Granada News 6.30 Coronation Street. 11.45 Prisoner. Cell Block H.

HTV: 12.25 The Littlest Hobo. 12.55 HTV News. 2.00 Limited Edition. 2.30 Michieset, 3.00 The West Match. 3.30 Cactus Jack. (1979) 5.10 Cartoon Time. 5.15 Country Watch. 8.45 Up Fronti 6.15 HTV News. 10.40 HTV Weether. 11.45 Prisoner: Cell Block H.

12.30 Seven Days. 12.50 Meridien News, 2.00 The Pier. 2.25 The Listings. 2.30 The Meridien Metch. 3.15 The Green British Train Robbery. (1967) 5.15 Disney's The Lion King Film Permière. 5.45 The Village. 6.16 Meridien News. 11.45 The Pier.

SCOTTISH: 11.00 Sunday Service. 11.45 Elicon. 12.30 Scotland Today. 12.35 Skoosh. 2.00 Scotlandt. 3.15 The Assiel Underground. (1985) 5.20 Kright Rider. 8.15 Scotland Today 10.40 Scotlish Weather. 10.45 Don't Look Down. 11.30 The South Bank Show.

17482 TARGE 12.25 Type Tess News. 2.00 Highway to Heaven. 2.55 Journey to the Centre of the Earth. (1959) 4.50 Disney's The Lion King Film Premiers. 5.20 Animal Country, 5.50 Tyre Tess Westand. 11.45 The Powers That Be.

Yourcettere: 12.55 Kick About, 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Journey to the Centre of the Earth. (1955) 4.50 Disney's The Lion King Film Premiere. 5.20 Animal Country. 5.50 Calendar News and Weather 10.40 Local Weather. 11.45 The Powers That Be.

CENTRAL

TYNE TEES: 12.25 Conferen

he did not know how to Defuse the Ruff:

> **10972** ♥ A K Q ♠ A 7 6 3

With neither side vulnerable, North dealt. After two passes South opened the bidding with one no trump, promising 16-18 points. North replied with a Stayman two clubs, and raised South's response of two spades

West led the knave of diamonds. Dummy played low,

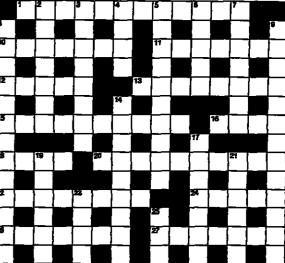
East produced the King - an obvious singleton - the declarer won with the ace, and returned the two of spades. West took his ace at once, and continued with the 10 of diamonds, the queen covered, and East ruffed. South won the heart return and drew the trumps, but he could not avoid the loss of two more diamonds and went one down.

The declarer, who realised that East had only one diamond, foresaw the possible danger, but could not see any means of avoiding it, but the solution is simple. He should allow East's king to hold the first trick. East returns the four of hearts, declarer wins and leads a spade. West, as before, wins at once and leads the diamond 10. But now everything is different. If East ruffs, he is ruffing a loser, and the declarer gets home without difficulty, losing one diamond, one diamond ruff, and the ace

E. P. C. Cotter

CROSSWORD

A prize of a classic Pelikan Souveran 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday October 19, marked Crossword 8,579 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL, Solution on Saturday October 22.



ACROSS

1 Vehicle on offer contains calto treated with disinfectant (8.4)

10 Painter turned out holding literature of the contains of the contains and the contains a second to the contains of the contains a second to the contains of the contains a second to the contains

18 Notice Journ in Basses-Pyrenées (4)
20 Submarine? It's a common fault after planting (10)
22 List of runners played by unscrupulous politicians (4-4)
24 Obviously unattractive? (5)
26 Cost of transmission after hours? (7)

Solution 8.567

SIGNIFICANT RIB
I O D N L O E A
MOONE SIMPLETON
E D A W A E A I
COTILLION RAILS
U I M A A L H
RAMMING CANE
E M G L S
SPIT CHEMIST
D A O U H G E
AMBER REINFORCE
P R T N A L E R
PROFUSION ULTRA
E A N N T S T G
ROD ENGLISHROSE

PRINCE ATLANTIC
OR HSUMEI
SIRMALTER BARON
IIIPOMURB
TOGA SCHOOLMATE
IASKIAR
OUTSTAY LYTTON
REROVS
EDWARD GARRETT
OIR TYRR
FITZBERALD ELLA
FITZBERALD ELLA
SCOTT ELLIZABETH
EUENERE

WINNERS 8,567: Dr A. Gold, London SEI; M. Baldwin, Shalford, Surrey; W.C. Bentley, Budleigh Salterton, Devon; A. and M. Brentnall, Sunderland, Cumbria; Mrs A.L. Knight, Hallow, Worcester, M.B. Ratcliff, Edinburgh.



RADIO

8.10 Farming Today.

8.00 Sujata Berot. 3,05 Eries.

Marthew. 10.00 Judi Spiens.

17.00 Hayes on Saturday. 1.30

Martin Keiner on Seturday. 4.00

Mick Berraciough. 5.00 The

Minks in Concert. 6.00 Reading

Music. 7,00 Handel's Messiah.

10.15 The Arts Programme.

12.06 Ronnie Hilton. 12.35

Actian Finighan. 4,00 Sujata 6.10 Farming Today. BEC RADIO 2

Memberson, See Valenti Pequests, With Geoffrey Smith. 845 Maric Methers, The 25th anniversary of St John's, Smith Square, 8.30 Bonis Godunov. Square. 8.30 Soria Godunou. Museorgativa opera. 10.10 Deussehe Romentic. Two Stroffsers. Named Grinna. The legacy of Jacobs and Williams. Grinna. 10.40 Not the Enigma. Serrand Stavens. 11.00 Impressions. The best of the University melabelle.

6.00 News.

12.25 The News Quiz. 1.00 News. 1.10 Any Questions?

2,00 Any Answers? 071-580 2.30 Playhouse: The Battle of San Ramo, By Royce Ryton. 4.00 That's History. 4.30 Science Now. 5.00 File on Four. 8,40 A Short History of the Lettuce. 6.00 News and Sports. 4.25 Week Ending. 6.50 Postcard from Gotham. 7.20 Kateldoscope Feature. The 400th anniversary of A Midsummer Night's Dream. 7.50 Saturday Night Theatre: Displaced. By Julia Keereley. 9.20 Nausic in Mind. Favourits

9,50 Ten to Ten. SOLOO NAME. 10.15 Quote Linguiste, With Brien Sewell, Ann Lesile and John Judus Norwich. 10.45 Chocolate Nums and

Parts in the late 1960s. staming Alan Cov. 11.06 Richard Bakar Company Notes. The career of violinist and conductor Basil Cameron. 11.30 Cover Her Face. 12.33 Shipping Forecast. 12.43 (LW) As World Service. 12.43 (FM) Close.

BBC RADIO 5 LIVE 6.05 Dirty Tackle. 6.30 The Breakfast Programme. 9.05 Weekend with Kershaw and Whiteless. 11.05 Special Assignment. 11.35 Crime Deak. 12.00 Middey Edition. 1.04 Sport on Five 5.00 Sports Report. 8.05 Six-O-Six 7.35 Saturday Edition. 9.05 Asian Parapactive 9.35 Out This Week 10,05 The Treatment 11.00 Night Extra. 12.05 After House.

Today, 8.00 World News, 8.15 Waveguide, 8.25 Book Cholce, 8.30 People and Politics, 9.00 World News, 9.09 Words of Faith, 9.15 A Joly Good Show, 10.00 World News and Business Report, 10.15 Worldbrief, 10.30 Development 94, 10.45 Sports Roundup, 11.00 Printer's Devil, 11.15

94. 10.45 Sports Roundup.
11.00 Printle*s Devid. 11.15
Letter from America. 11.30
Waveguide. 11.40 Book
Choice. 11.45 From the
Weeklies. 12.00 Newsdesk.
12.30 BBC English. 12.45
Mittagamagazin. 1.00 Words
News. 1.00 Words of Feith.
1.15 Multitrack Alternative. 1.45
Sports Roundup. 2.00
News Summary; Sportsworks. 5.00
World and British News. 5.15
BBC English. 5.30 Heute
Alduel. 6.00 News Summary.
6.05 Winveguide. 6.16 BBC
English. 7.00 Newsdesk. 7.30
Heute Alduel. 8.00 News and
feshares in German. 8.00 World
News. 2.10 Words of Faith.
2.15 Development 94. 9.30
Jezz for the Aaking. 10.00 News. 2.10 Pevelopment 84. 9.30
Juzz for the Asking. 10.00
Newshour. 11.00 Work News.
11.05 Works of Faith. 11.10
Book Choice. 11.16 Meridian. 11.00 Ng/s Eura.
12.05 After Hours.
2.05 Up Al Night.

WORLD SERVICE
BBC for Europe cam be received in western Europe on medium wave 645 kHz.
465sej at these three EST:
8.00 Newshour. 7.00
Morgenmagazin. 7.30 Europe
Correspondent. 4.50 Write On.

1.00 Alex Lester. BBC RADIO 3

BBC RADIO 2

8.55 Wasther, 7.00 Sacred and Profine. Loyest, Schumann, Respight, Haydn, 8.55 Choice of Three, The west's of Times. The week's forthcoming progressmes. 8.00 Brien Key's Sunday Morning. 12.15 Music Masters. 1.00 Reinventing the Orchestra: Hector Berlicz. 2.30 Schurterin and Brahms. 3.00 Happy Sirthday 1500 6.10 Schurterin. 5.45 Making Waves. A new production of Messenet's Don Cukotte. 6.30 The Belad of Reeding Geol. A benefit performence of Oscar Wilde's poem. 7.15 Towards a Tric. DOBIL 7.15 Towards a Trio. point 7:15 fowards a fin., Boutry, Duzifeur, Johret, Poulenc, 8:00 Drama Now; A Suburben Sucida. By John Arden and Mergaretta D'Arby. 9:30 Music in Our Timb. Kalja Searisho's beliet music MAA. 10.50 Choir Works. Charpentle and De Grigoy. 12.80 Close.

BBC RADIO 4

7.00 Don Maciean, 9.05
Michael Aspel, 10.20 Hayae on Sunday. 12.00 Deamond Carrington. 2.00 Benry Green, 3.00 Devid Jacobs. 4.00 Tas at the Grand. 4.30 Sing Something Simple, 5.00 Well Meet Again. 6.30 Ronnie Hilton. 7.00 Richard Baker. 8.30 Sunday Half Hour. 2.00 Alan (Kalth. 10.00 Project Young Musician. 12.05 Stave Medden. 3.00 Alex Lester. 11.15 Mediumwave. 11.45 Eating Out. 12.15 Desert Island Diece. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Classic Serial:

8,30 Pick of the Week, 4.15 Analysis. 5.00 Evelyn Glannie's Edinburgh. 5.30 Poetry Plated 8.00 Six O'Clock News 6.15 Tides of History, 6.30 Children's Radio 4. 7.00 in Business. The work's most influential management 7.20 Opinion. Education in the 21st century. 8.00 (FM) That's History. 8.00 (LW) Writer's Weekly. 8.30 (FM) Stories from the 8.30 (LW) The French

9.00 (FM) The Natural History

9.15 (LW) Mischell Am Phein.

10.45 Good Lookers. 11.15 With Great Ple 11,45 Seeds of Faith. 12.30 News. 12.30 Shipping Forecast. 12.43 (LW) As World Bervice. 12.43 (FM) Closs.

> 8.05 Hot Pursuits. 6.30 The Breakfast Programme. 9.00 Alestair Stowart's Sunday. 12.00 Middey Edition. 12.15 The Big Byte. 1.05 Top Geer. 1.26 Carol Smillio's Blue Sides. 2.05 You Cannot Be Serious! **2.00 Sunday Stort** 7.00 News Extra. 7.35 The Acid Test. 8.00 The Ultimate Preview. 10.05 Special Assignment. 10.35 Crime Desk 11.00 Night Extra. 12.05 Nightool.

WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 64 M/Z (463m) at these times 851; 6.00 Nowshour. 7.00 News and

features in German. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Composers' Journeys. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 8.00 Words of Faith. 9.15 The Greenfield Critication. 40 All World News.

BBC RADIO 5 LIVE

Maridian. 11.46 Sports Roundup. 12.00 Newadesk. 12.30 Turkey Today, 1.00 World and British News. 1.15 Top Scores. 1.30 in Praise of God. 2.00 News Summary; The Path to Power. 2.30 Nitcolns. Gors. 2.45 Composers' Journeys. 2.00 Newsdesk. 2.30 Composer of the Month. 4.00 World and British News. 4.15 Sports Roundup. 4.30 Anything Goes.

SUNDAY

9.30 (FM) One Step Beyond. 9.45 (LW) Short Stories in French: La Chewe de Monsieu Seguin. By Alphorne Daudet. 10.00 News. 10.15 Sunvivora. 10.15 Sunvivora.

Collection, 10.00 World News and Business Review, 10.15

Collection, 10.00 World News and Business Review, 10.15 Short Story, 10.20 Folk Routes, 10.45 Sport Story, 10.20 Folk Routes, 10.45 Sports Roundup, 11.00 News Summary; Solemes In Action, 11.30 in Praise of God. 12.00 Newsdesk, 12.30 BBC English, 12.45 News and Press Review In Garman, 1.00 News Summary; Parley Today, 3.00 News Summary; Parley Today, 3.30 Anything Goes, 4.00 World News, 4.15 Concert Hall, 5.00 World News, 4.15 Concert Hall, 5.00 World News, 4.15 Concert Hall, 5.00 World Review, 6.15 BBC English, 5.30 News and sestures in Garman, 6.00 World News, 8.15 BBC English, 5.30 News and features in Garman, 6.00 World News, 8.15 BBC English, 7.00 Newsdesk, 7.30 News and features in German, 9.00 World News, 8.10 Words of Patth, 9.16 Printer's Devil, 9.30 Europe Today, 10.00 Newshour, 11.00 World News and Business Review, 11.15 Martidien, 11.46 Sports Roundup, 12.00 Newsdesk, 12.20 Turkey Today, 1.00

Only six players remain in contention for one or both of the

CHESS

rival PCA and Fide titles. Vishy Anand of India and Gata Kamsky of the US are due to meet in February 1995 in the PCA final to settle which of them challenges Garry Kasparov for his title later in the year at Munich. The Fide semifinals are also announced for February 1995 at Sanghi Nagar. India. The holder Anatoly Karpov meets Boris Gelfand of

Last week's 51/-11/4 elimination

of Nigel Short and Michael

Adams in the PCA semi-finals

at Linares has simplified the

tangled world championship.

Belarus while Valery Salov of Russia plays Kamsky.

Karpov v Kamsky is the expected Fide final, but Salov could be the surprise. His victory at Tilburg ahead of Karpov last week included this impressive game (V Salov. White; V Ivanchuk, Black). 1 d4 Nf6 2 Nf3 d5 3 c4 dxc4 4 e3 c5 5 Bxc4 e6 6 Qe2 a6 7 dxc5

8 0-0 Qc7 9 Nbd2 Nc6 10 Bd3 Be7 11 b3 0-0 12 Bb2 Bd7 13 Rac1 Rfc8 14 Ne4 Nd5 15 Ne5 Bes 16 Nxc6 Bxc6 17 Qg4 g6 18 Bc4 Qd8 19 Rfd1 b5 20 Bxd5 Bxd5 21 Rxc8 Qxc8

Qd4 Rc8 25 h3 h5 26 Rd2 Oc1+ 27 Kh2 Qel 28 Qf4 Bxg2 29 Kxg2 Qxd2

22 Nf6+ Bxf6 23 Bxf6 Qc2 24

trols the pawn's queening square; so how did Karpov

(Black, to play) win here? Leonard Barden Solution Page XXI

BRIDGE

In today's hand, which comes from rubber bridge, the declarer was defeated because

♦ K Q J4 ♥ 10 8 6 3 **♦ Q**854 4 A 6 5 ∳ K ♣ Q 108532 **♦** J 10 9 2 3 K 9 6 4

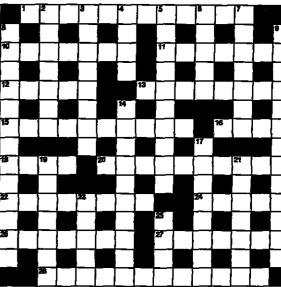
4 A 7 12.30 Gerdener's Disry. 12.55 Border News. 2.00 Sootsport. 3,15 Hot Wheels. 2.45 Cerry On Consta-ble. (1959) 5.20 Coronstion Street. 6,15 Border News. 11.45 Prisoner: Cell Block H.

to four spades.

This closed the auction and

of trumps.

No. 8,579 Set by CINEPHILE



10 Painter turned out holding little flower (?)
11 Bony article situated in the throat (?)
12 Brought before the court with a duplicate piece (3,2)
13 Talk about stir created by early Victorian reformer (8)
15 Let a circle be formed by a king of engineering (10)
16 Demonstrative fellow's after time (4)
18 Notice found in Bassas-Pyrénées (4)
20 Submarine? It's a common fault after planting (10)
21 List of runners played by unscrupplious politicians (4-4)

4 Circuit for raising a bit of water (4)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
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5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
5 Worker who's got the sack over a leach, possibly (4,6)
6 Vehicle containing inspector general has been rolled (5)
7 This old silly's just that (7)
8 Ex-president maybe great help in communication (4,9)
9 Animal power: rugger intended by raising gun several inches (6,4)
14 Money needed – frank, with a C – when there's wet rot about (8)

24 Obviously matriactive? (5)
25 Cost of transmission after hours? (7)
27 Good thing coming out of the DSS? (7)
28 Note girl's form (5)
29 Note girl's form (5)
21 Lest of transmission after hours? (7)
21 Deal with cars etc (7)
22 Note girl's form (5)
23 Note girl's form (5)
25 Lest an encore you get the

28 Russian river fish, one unknown to science, may be built in (12) Solution 8.578

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Adrian Finighan, 4.00 Sul BBC RADIO 3 8.20 Open Linkersity: VPs. 8.65 Weether. 7.00 Record Review. Bach, Schubert, Withelm Berger, Corell, Falls, Tohalismaky, 9,00 Building a Library, A Tito Gobbi survey t John Steams, 18,15 Record Release. Haydn and Mozart. 12.00 Spirit of the Age. 1.00 Role Play. 1.25 Markett Feeting 1984. Beathover. Robert Singson, Eggs. Mandelsoohn, 3.00 Virtige

MIC RADIO 4

crossed paths with the Princess of Wales a few weeks ago. It was in the middle of the King's Road, broad daylight, not a detective to be seen. I stared. I wish I could say, pace Pas-ternak and Gilbey, that I was aware of her "not in the gawping, let's assess-her-from-head-to-toe way, but with a protective sense of excitement and relief", but I would be lying; I gawped, I assessed, and my only sense of excited relief was that I wasn't her.

As she walked towards me on her way to take one of the little princes to a movie, a strange feeling came over me; I felt embarrassed. I found myself unable to carry on staring, it seemed indecent. While the caddish captain, on his first meeting. "drank in her effortlessness, her vibrant sheen and the way she cupped hands", I could only look

Princess Di gazed into my eyes

Peter Aspden describes his intimate encounters with members of the royal family

Instead of our eyes meeting, it became a contest of who could bore the deepest holes into the pavement. She probably won, having had more experience, but I gave it all I had. I cursed that I did not have my camera on me, but I could no more have sprung in front of her flashing lights in her face than taken an axe to her neck screaming Viva la repubblica!

The whole affair (it lasted all of 30 seconds, but, just in case, publishers, agents and great-nieces can get my number from the main FT switchboard) gave me a further,

grotesque glare of the royal spotlight. My shifty unease had come from the wish to dissociate my rational judgment (she is an overprivileged, under-performing subject of no interest whatsoever) from my quasi-prurient curiosity (exactly how beautiful/thin/depressed is she?); it is, I believe, a battle that is fought daily in the minds of newspaper readers of all hues as they struggle to balance moral censoriousness with the frivolous lust for high-quality gossip.

I should have learned my lesson some years ago, when I became, for a mercifully short time and in the

most half-hearted of ways, a mem-ber of the royal rat-pack. I had been deputed by my local paper to cover Prince Edward's activities at Cambridge University. I reported on his first rugby match for his coilege ("a sinewy frame" I think I wrote), his first tutorial (they surprisingly declined to invite us in) and, eventually, his stage debut, in Arthur Miller's The Crucible.

After the performance (before a wonderfully bizarre mix of under-graduates and Fleet Street's instant Miller experts), I was rung by a local radio station; would I do a live interview? Inebriated by the

absurdity of the evening, I cheerfully agreed, and let rip. He was sim-ply won-derful, I opined, prancing around in thigh-length leather boots, barking at underlings as if he had been born to do so, magneti-cally dominating the proceedings

like a young Olivier. My fine-spun and brutally sarcastic words were rammed down my throat the next morning when my "review" was broadcast nationally, on the hour, every hour, over the whole of the next morning; for my sumptuously ironic tone was lost completely. Friends called from all round the country, wondering why I suddenly sounded like Barbara Cartland. I was humiliated.

The next time I encountered Edward was at a garden party, part of the usual scrum of malingering press-hounds scrutinising his every move. Suddenly, he bent down and picked up a small object. The cameras clicked as one. It was a royal rota press pass, the one you need to get within a whiff of these occasions. He smiled cruelly: "Someone has been rather careless!", twiddling the pass in his fingers while the pack laughed uneasily.

I looked downwards and froze. My lapel was naked. The pass was

mine. I was going to have to step forward, say sorry, bow in abject shame while every photographer swooped on the heaven-sent head-line opportunity: "Please sir, can I have my pass back?"; "Who's a silly boy, then?": "The Prince and the Plonker!" My life flashed before me. For the merest of seconds, I understood what it was like to be him. I, however, had an extra option open to me - I fled. No-one took my picture, no-one plastered me across every news-stand. I escaped, the moment was forgotten.

All these memories flashed by as read Princess in Love, the story that was so beautiful, it had to be told, and as I read of James Gilbey's plight ("The world would judge him harshly in its ignorance, when all he was was a kind, weak man who had done his very best"), I wondered if anyone knew the meaning of shame any more.

Bascon 1974

Private View/Christian Tyler

Post-mortem on a bloody century

vengeful vul-ture? From tree, Eric Hobsbawm, the eminent historian and life-long communist, has looked down on the dying carcass of our

century and given his verdict. He has broken a self-imposed rule in order to write the history of an era - his own which started and ended symbolically at Sarajevo. In doing so, he is inviting not only the critical judgment of his peers but the derision of his political

Professor Hobsbawm may be a bird of ill omen but his book Age of Extremes, to be published in three weeks, cannot fail to make an impact at this anxious end of the millennium. It is a panoptic post-mortem of the "short" 20th century from the outbreak of the first world war to the death of communism, and a sequel to his trilogy covering the "long" 19th century from the French Revolution to 1914.

Hobshawm himself was born a few months before Lenin's October Revolution. The son of a British father and Austrian mother, he grew up in Vienna perore moving to England. His name ("it is more systematically mis-spelt than any other") seems to be a corruption of "Obstbaum" or

"fruit tree" His political creed is the product of his (non-religious) Jewish descent and of a day in 1933 when, walking home from school in Berlin with his sister, be learned that Hitler had come to power.

Age of Extremes is elegantly written, a synthesis stuffed with supporting fact, a dazzling survey taking in everything from particle physics to post-modernist art, from collective farms to supermarket check-outs.

It sees the century as a triptych. The first panel depicts a 32-year-long barbaric war punctuated by a slump. The second shows a Colden Age, a 30-year world economic boom engineered out of the preceding catastrophe and guaranteed by nuclear stalemate, a period when human society was

utterly transformed. In the third, all is confusion a landslide of technological

tackle a story that is complex

to the point of incomprehensi-

bility and arcane to the point

story, when one has never

heard of the subject matter and one's readers have not the

of being meaningless.

slightest interest in it?

cial drawing rights (SDRs).

ne of the more

intriguing problems

confronted by any

reporter is how to

decay, and the emergence of global forces (financial, demographic, environmental) which democratic governments seem powerless to manage or

Hobsbawm is an historian of international repute, translated and read widely outside his own land. At home, he is better known for his "semi-professional" work as a political analyst and his status as guru to the British left wing. His views hindered his promotion at Cambridge, where he was a fellow of King's, and he had his first book turned down on grounds of bias.

I met the gaunt intellectual in his study at Hampstead, north London, a room betraying the eclectic mind of a man who collects Moghul miniatures and is also a jazz critic (writing under the name Fran-

Eric Hobsbawm has broken a vow and tackled the history of his era

in our dangerously forgetful age, and the abuses of history by the separatists and nationalists who proliferate in the new world disorder.

But now that the academic historian and veteran Marxist have fused, as it were, the first question readers will ask is why they should trust his perspective on the century.

"I stuck to the 19th century

for a long time," Hobsbawm said, "because for a Marxist and certainly for a communist writing anything to do with the Soviet Union after 1917 could not conceivably be done without saying things you knew weren't true. At least, I could have done so as a communist but I would have got into a lot more trouble. So I would say, keep your nose out." He laughed, lugubriously. Why do you say you would have had to write things which

weren't true? "Well, the official line, as it were, on the Russian revolution was either that Trotsky didn't exist or that he was a member of the British secret

service from 1918. There's no way you can do any history that way.

How could you belong to a party which promulgated untruths when you knew them to be untruths?

Well," he sighed, with the air of one confronting the inevitable. "Do you think you choose your parties purely by the official statements made by your leaders? These official statements shouldn't actually be binding on other people.

You mean you choose your party as you might choose your church? "You choose a package deal.

Bits of the package aren't what you would have chosen." Was being a communist for you a rational, or an emotional

"Oh, no, I mean from the start it was obviously an emotional and profoundly felt conviction. You felt that the world was going to hell and you felt that world revolution would be the only way of saving it. And you may understand that if you were a teenager in Berlin during the rise of Hitler.

"It wasn't a rational decision to begin with. But it gave me an initial interest in history. 'You call yourself a communist, but evidently you don't know anything about it. Kindly go to the school library and read up the communist manifesto and one or two other things and see what you come "From that stage, it became

much more rational. But the commitment wasn't rational. The commitment was...I would almost say religious. I said: A man will ignore things he knows to be lies for the sake of loyalty . .

"For the sake of loyalty, or for the sake of, if you like, a larger good. But I mean everyone does this to some extent if they choose a cause or have a cause chosen for them. All my friends working in Bletchley [the code-breaking station in England in the second world war] kept silent for 30 years, even though they knew stuff was being said that was not

Did you feel - do you feel - a conflict between your professional life and your political adherence, which involved of rubbish?

"I certainly felt there was a conflict, yes. I did my level best never to actually write believe in and which spoke lies. There was a conflict, but it didn't affect the things that I wrote about.

"Incidentally, if I may say so, none of this fooled the Russians. Not a single one of my books was ever published in Russia in the Soviet period. Not a single one...huh?" He gave an interrogatory grunt. "In Hungary, yes. In Slovenia, yes. You were supposed to write a straightforward line, and whatever I said did not fit

What do you call yourself today, politically?
"I'm on the left and I continue to be profoundly sceptical of capitalism as a system for solving the problems of the

I asked what it meant to be a "Marxist historian". Hobsbawm said he believed the best way to tackle history was still to study the way human beings collectively earn their living, to understand the social structures and institutions they develop.

swallowing a certain amount historians of any kind, use this method without being aware of it than did when I was a

> It doesn't imply a bias that tory?

> "It needn't particularly. In the past, a lot of Marxists were also committed to particular, demanding political organisations. I don't think it's an essential part of the exercise. It would be theoretically possible to make a Marxist analysis and not even be socialist."

> Are all historians to be found somewhere on the political spectrum? Yes. All serious ones.

Unless you are simply a chronicler or compiler of dictio naries. So the truth will always be

to some extent a function of feelings? "It would be affected by this,

yes. And, to this extent, it is impossible to say that what we are coming up with is The "It's perfectly possible, for

instance, that a historian in 50 years' time will look back and see that the dichotomy under which we have all been operat ing - a capitalist or a socialist type of economy – is simply a function of the war of religion waged in the 20th century and that it would make at least as much sense to distinguish four. five or six different types." Truths and facts are not the

"Truths and facts are not the same thing. I think it is absolutely essential that historians should not go against what can be proved or disproved by evi-

Presley is dead or he is not ...what? "Our own concepts and the way of putting them together don't have the same validity as the facts themselves, the verifi-

dence. The point is, there are

limits to evidence. Either Elvis

able or falsifiable data. It depend on the questions we

today an enormous consensus among professional historians - one must be against the kind of post-modernist relativism parts of the literary and social

ask. Nonetheless - and there is

"If there is fiction in history, it is a fiction which is based on fact. It is, if you like, art made up of objets trouvés, but the objets have got to be real objects and not inventions.

Hobsbawm has said that most of his conscious life has been devoted to a hope which. plainly, has been disappointed and to a cause which, plainly, has failed. Talking about his

book in a lecture at the Univer-

sity of London, where he is emeritus professor of economic and social history, he said: "There is nothing which can sharpen the historian's mind He went on: "As the century

ends the world is fuller of defeated thinkers wearing a very wide variety of ideological badges than of triumphant ones. Especially among those old enough to have long memo-

Hobsbawm has the memo ries, all right. He has certainly suffered the defeats. But if his foresight was poor - and whose was any better? - his hindsight, it must be said, is

The second secon

"Indeed, far more people today,

As They Say in Europe Trapped by special boring rights

El Mundo, heroically, ran the headline: "The Fund gets no So it was with last Sunday's tale from Madrid of the colagreement on the widening of lapse of various detailed plans to launch an issue of the Interits capital." Quite wrong, but a national Monetary Fund's spegood try. In its hands, SDRs became "the nominal money of Many who had assembled in the IMP". El Pais called SDRs the Spanish capital for the IMF typographical error made it and World Bank annual meeting had dreaded the prospect of "cedit commitments", which seemed quite interesting and a row over SDRs. In the event. very Castillian.

there was not only a row but a Elsewhere in Europe, opaque The fact that this arcane definitions ruled. For Le matter was linked with some-Monde, the phrase was thing called a "systemic trans-"reserve money of the Fund". while NRC-Handelsblad of Rotformation facility" meant that terdam used the phrase many who had jumped the first fence refused the second. Some 'Monopoly money". The Frankfurter Allgemeine Zeitung even left town as their editors dismissed SDRs, sniffily, as could scarcely face filling their 'money out of thin air".

pages with such matters. Those of us who stayed to So it was that Europe's top cut our way through the economic writers turned quickly from the tedious unyielding rock of news sufdetails of the row to a much fered many defeats. Spanish more profitable field: who to journalists were in a particularly unfortunate position – blame for the ghastly debacle. they had nowhere to go The problem was eased because there were so many because they could not ignore the news that was taking place candidates. on their doorsten. The IMF's boss, Michel Cam-

dessus, had put up the original plan for SDR distribution, which had the firm support of developing countries. But the British and Americans cut the proposed amount in balf and said it should go mostly to their friends in the old Soviet

James Morgan recounts the horrors of an IMF conference

The Germans were grudging even about this. The French, however, like the idea of free money for everyone; it was not surprising that Le Monde blamed the G-7 and its "sin of pride" in refusing to compro-

mise further. So, in Germany, Handelsblatt made something of the typical French generosity with other people's money. The man from the Dutch Handelsblad thought that weak leadership in both organisations had combined with the "new self-confidence of the developing countries" The FAZ, of course, blamed everybody. The Neue Zürcher Zeitung noted, happily, that there had been "no winners, only losers".

I blamed Spain. It provides a suitable stage for the theatre of disaster and, after all, the country has a proverb which runs: "A rio revuelto ganancia de pescadores" - troubled waters are the fisherman's

Troubled waters dominated. The press corps gloomily contemplated the recently privatised telephone system and was amazed to hear how much it had improved. Only the Italians felt at home, but even they admitted that the interface between Telecom Italia and Telefónica did provide some nasty surprises.

The trouble with Spain is that, barring bloodshed, revolution and civil war, not much happened there between

around 1770 and 1970. A whole epoch of development was Thus, there is scarcely a hotel room which has a radio, although all have televi

Then there is the curious phenomenon of clocklessness. Northern Europe abounds with clock towers, cuckoo clocks or whatever. In France, there are few, in Spain, there are hi-tech digital items on streets but none in the hotel rooms. A jetlagged colleague from New York rang reception in the early hours to say he wanted a clock. He was advised to tune into the French television channel where he would see

the time 24 hours a day. Then there was the television producer who also rang reception to ask how she should operate the air-conditioning. "Open the window," came the reply.

Spain is not at its best when it is trying to be a modern, sophisticated industrial state. Madrid still provides the best of old Spanish customs: marvellous, efficient bars and restaurants. Helpful, honest taxi drivers.

It also understands realities that others miss. A cartoon in El Pais on the IMF and Bank meetings asked: "If all goes well for the economy, what matters if it doesn't for the people in it?"

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